

PEI's ELCC Workforce Pension Plan

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Land Acknowledgment





Overview for Today:

- How it started
- The groundwork
- Communication Plan & Support
- About the plan
- Communication with Government
- Sustaining the plan
- What it's meant to the sector on PEI
- Questions

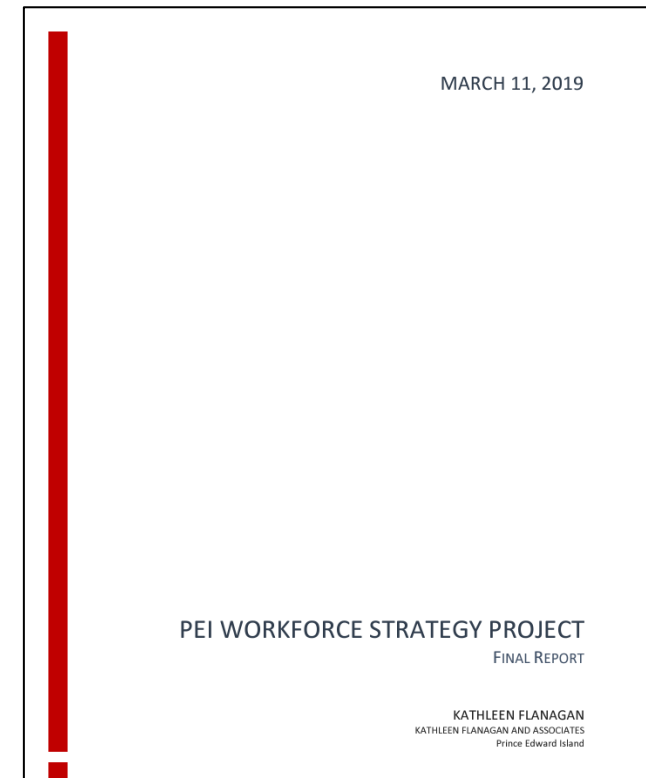
Partnership:

Government and
Professional Association



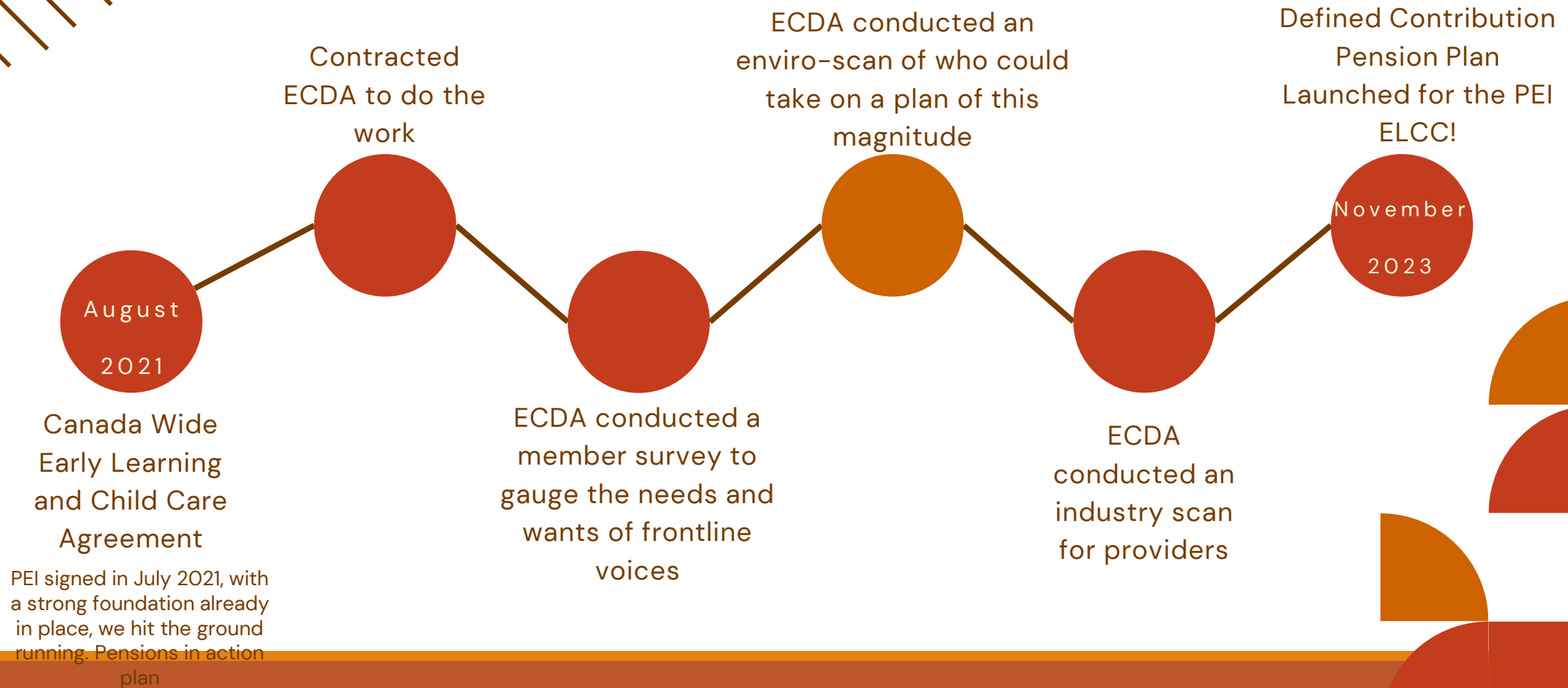
How it Started:

- A report published in 2019, by Kathleen Flanagan pointed to the importance of a pension to positively impact recruitment and retention within the ELCC workforce on PEI.
- Federal Budget tabled. ECDA submitted an advocacy list to Government
- Pensions were in PEI's Action Plan
- The Department asked ECDA to do some research and present a plan that would be a recruitment and retention tool for our workforce



The Groundwork:

18 months of ECDA, and the Provincial Government working together on legal teams, for a plan that was best for recruitment and retention in the PEI ELCC sector. An agreement was signed by all and the Pension was launched November 1st, 2023



Communication & Plan Support



- Director Email after announcement
- Member email after announcement
- Director Information session
- Payroll information session
- Member information session
- Created FAQ for all parties (English & French)
- Assisted Lambe & Associates with creating subgroups
- Offered centre staff meetings
- Offered 1:1 payroll support (seasoned)
- Tradeshow at Conferences
- Network check-in's



November 1st, 2023

Remittances began, and celebration ensued!



General Benefits:

- Helps employee attraction and retention
- Helps improve employee engagement
- Contributes to reduced costs of turnover
- Facilitates enhanced workforce planning
- Promotes Member communication
- Helps reduce stress about retirement

Advantages of Defined Contribution Pension Plan

- Plan assets are not pooled
- Each member's account, returns, and withdrawal strategy is unique to that specific member. The plan health is not dictated by average age of contributor/retiree.
- A flexible approach to retirement income
- 100% Guaranteed for Life income with inflation protection and survivor benefit, or
- 50% Guaranteed for Life Income, 50% Flexible Spend Income
- Ability for a member to earn much more monthly retirement income than today's modern DB plans
- Members can be active in their investment choices. Including investment specifically into certified socially responsible investment funds.
- Active financial advice and planning available free of charge
- A Local team of experts available to meet in person



ECDA's DCCP Pension Plan



- ✓ Defined Contribution of 4% deducted from each cheque with a 4% match by ECDA through government funding.
- ✓ Hands off investment choice that will track to the members retirement age.
- ✓ Employees have the choice on how to invest their investments from Conservative to Aggressive, depending on their personal risk tolerance.
- ✓ Easy to understand and calculate their retirement income
- ✓ Flexibility with retirement income options - They will have 50% locked in income, which will give them a secured retirement income and 50% will be flexible to allow a member to choose how much they want to add to their secure portion of their pension. They would be able to withdraw more in their early retirement years.
- ✓ FREE financial advice offered to all ECDA members – not just on retirement, can advise on budgeting, saving for first home, car, child education, etc.

Defined Benefit & Defined Contribution Comparison

| <u>Comparison Factors</u> | <u>Defined Benefit (DBPP)</u> | <u>Defined Contribution Plan (DCPP)</u> |
|---|-------------------------------|---|
| Fixed cost | Yes | Yes |
| Eliminates contribution volatility | Yes | Yes |
| Eliminates risk of funding deficits (going concern, solvency and wind-up) | No | Yes |
| Predictable annual expense | Yes | Yes |
| Eliminates pension liabilities from employer balance sheet | Somewhat | Yes |
| Helps employee attraction and retention | Yes | Yes |
| Helps improve employee engagement | Somewhat | Yes |
| Contributes to reduced costs of turnover | Yes | Yes |
| Facilitates enhanced workforce planning | Yes | Yes |
| Reduces administration obligations | Somewhat | Somewhat |
| Eliminates responsibility for member communications | No | No |
| Eliminates employer risk of regulatory changes | No | No |
| Helps reduce stress about retirement | Yes | Yes |
| Predictable lifetime income | Yes | Yes |
| Ability to purchase additional pension | Yes | Yes |
| Employees relieved of making investment decisions | Yes | Somewhat |
| Survivor Benefit Available | Yes | Yes |
| Flexible Retirement Income Options | No | Yes |

Defined Benefit Estimated Retirement Income with a 5% Matched Contribution

| Member | Age | Current Earnings (annual) | DB Pension at age 65 (annual) |
|----------|-----|---------------------------|-------------------------------|
| Member 1 | 35 | \$52,379 | \$25,408.00 |
| Member 2 | 35 | \$50,560 | \$24,526.00 |
| Member 3 | 35 | \$46,920 | \$22,759.00 |

Defined Contribution Estimated Retirement Income with a 4% Matched Contribution

| Member | Age | Current Earnings (annual) | ECDA pension at age 65 (annual) |
|----------|-----|---------------------------|---------------------------------|
| Member 1 | 35 | \$52,379 | \$25,003.08 |
| Member 2 | 35 | \$50,560 | \$24,127.56 |
| Member 3 | 35 | \$46,920 | \$22,375.68 |

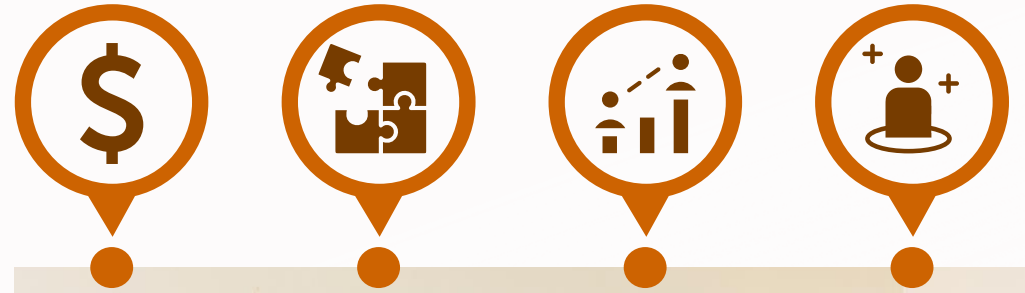
Defined Contribution Estimated Retirement Income with a 5% Matched Contribution

| Member | Age | Current Earnings (annual) | ECDA pension at age 65 (annual) |
|----------|-----|---------------------------|---------------------------------|
| Member 1 | 35 | \$52,379 | \$31,305.48 |
| Member 2 | 35 | \$50,560 | \$30,211.08 |
| Member 3 | 35 | \$46,920 | \$28,021.32 |

Estimated Retirement Income of Modern DB plan & DC plan

Considerations & Recommendations for the sector

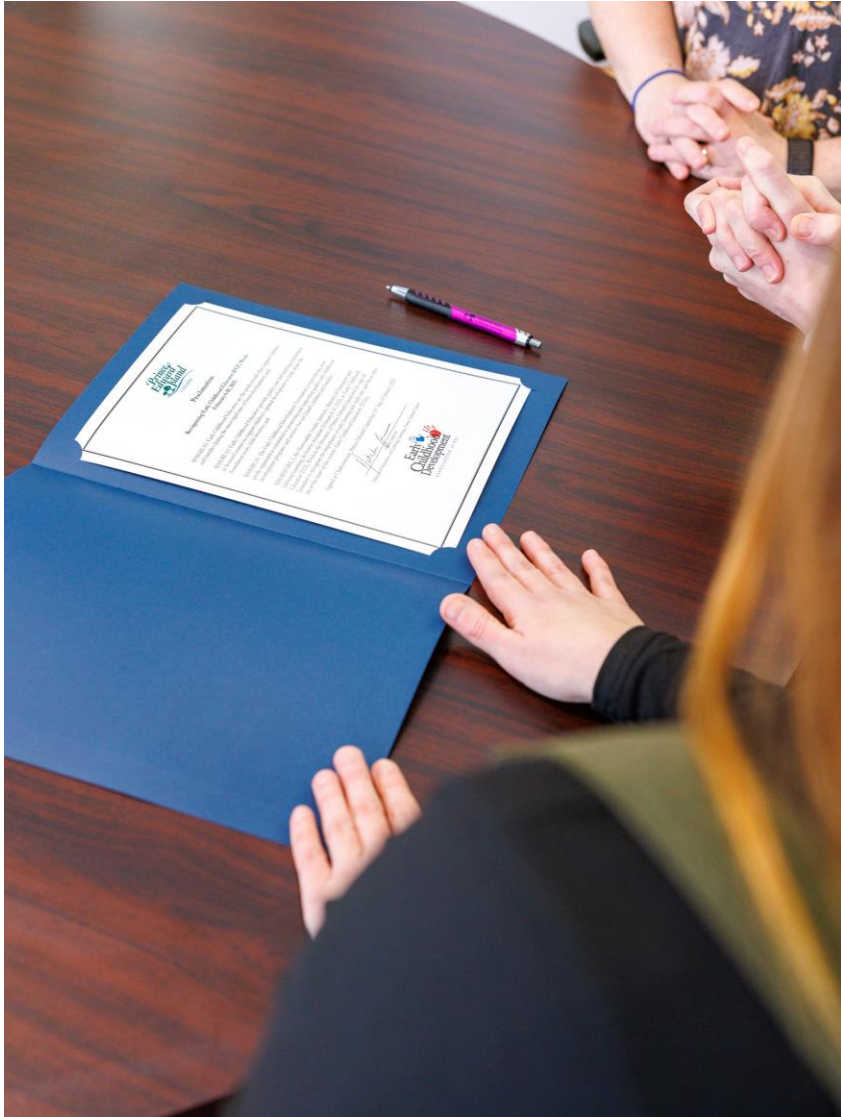
- All positions in an EYC funded by the government are eligible (ECEs, cooks, support staff, etc)
- Full and part time employees who are funded through the EYC
- Easy to transfer from one EYC to another
- Easy to Pause for mat/pat/extended leaves
- Can increase employee contribution by either lump sums or increase percentage up to 18% (government contribution remains 4%)
- If Centre/multi site had a previous RRSP, they are easily able to transfer as this plan has better group rates
- To accommodate ECEs who may be thinking of moving, support is available to ensure money is moved with tax laws pertaining to each country.



Considerations & Recommendations for the sector



- Family Home Centres are provided with government funding to open an RRSP under the ECDA Pension Plan to benefit from these group rates and financial advice.
- Private Centres (non designated) are able to open an RRSP under the ECDA Pension Plan to benefit from these group rates and financial advice.
- Ahead of the pension plan, Provincial Government offered years of service grants to help support more seasoned workforce that would not benefit as much)
- Wage increase along with pension roll out (offset)



Continued Partnership

- Contractual obligations
 - ECDA Service agreement with plan advisor
 - Co-construct plan text
 - Be in accordance with the Canadian Association of Pension Supervisory Authorities (CAPSA) Guidelines
 - ECDA representative as well as Board of Director Oversight
 - Ensure eligibility criteria is met for employees
 - Have a wind up plan if funding ceases
- Quarterly Meeting about Eligibility
- Quarterly invoicing
 - Each subgroup, their contributions, and projections, which are based off past 3 months, etc.

ECDA Sustaining the Plan



- Auditing
- Invoicing
- Marketing
- Member Sessions (continued financial support)
- Part of Hiring Practices (In our Onboarding toolkit, after three months, this what you do)

What it's meant to the sector:



- Return to service
- Recruitment
 - Fulltime programs
 - High Schools
 - Job fairs
- Anecdotes from the Frontline:
 - Viewed as Professionals, because professionals have pensions.
 - Feel valued
 - Financial security for retirement
- 2024 Workforce survey comparison to 2019

Questions?



WELA'LIOQ, MERCI, THANK YOU!

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