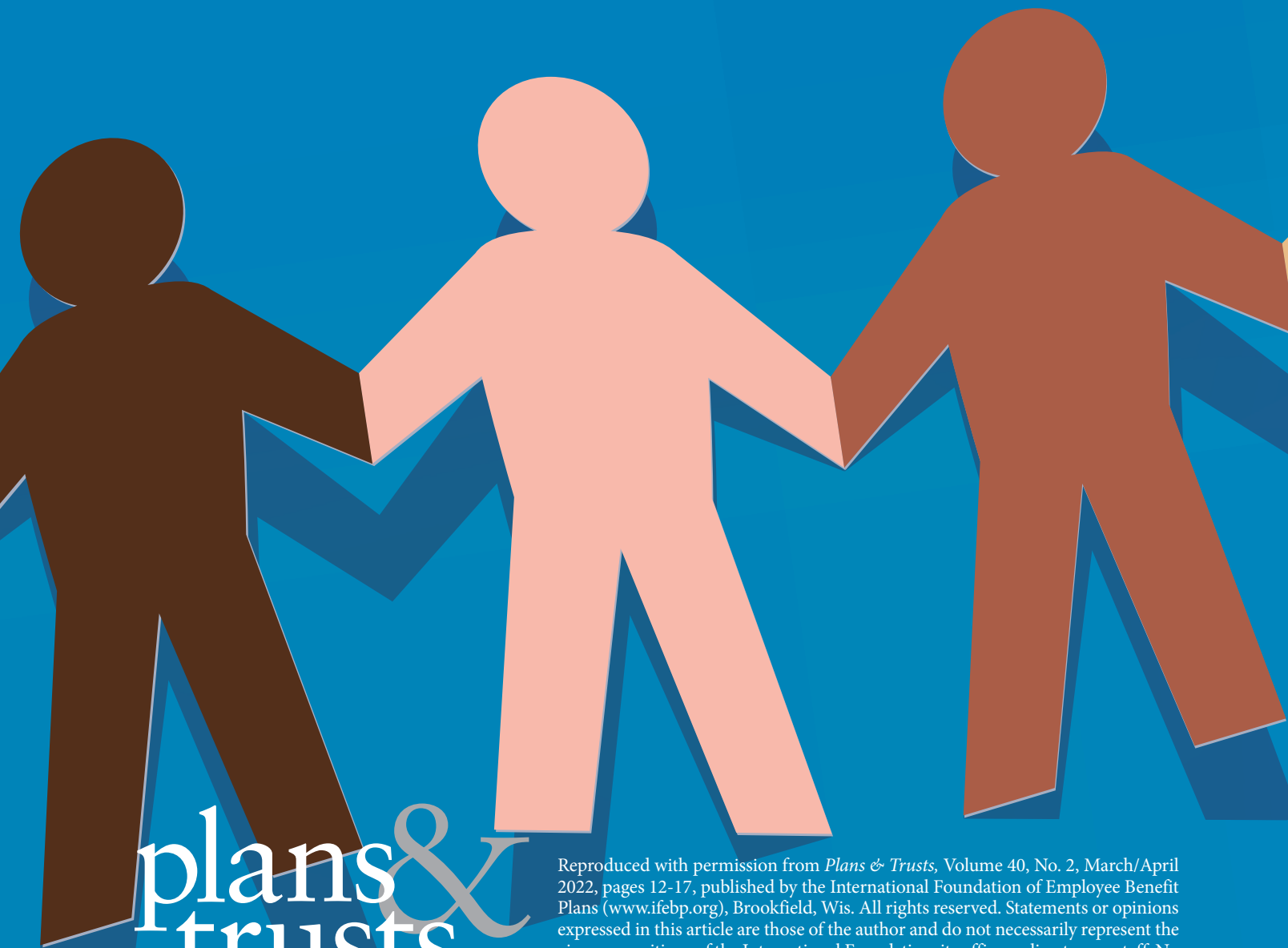


IS DEI PART OF YOUR AND RETIREMENT P

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OUR BENEFITS PROGRAMS?



Applying diversity, equity and inclusion (DEI) principles to benefits and retirement program design is the next frontier for many organizations. This five-step road map can help employers get started on the journey.

Decision makers who set compensation, employee benefits and retirement savings strategies have always had a significant, historic and sometimes underrated impact on how society functions. When only some groups of people have more opportunities for—or fewer barriers to—saving for retirement or receiving health care, it creates and exacerbates a wealth and wellness gap.

Many human resources (HR) professionals across Canada acknowledge the importance of diversity, equity and inclusion (DEI) objectives. Such principles have had the greatest impact in recruitment and retention policies as employers have reset their philosophy and procedures in outreach, staffing, onboarding, career progression and management. But for many organizations, applying DEI to benefits design remains the next frontier. Most HR and benefits administrators aren't quite sure where to start.

A recent survey from Aon showed that 75% of organizations plan to review some aspect of their benefits and retirement programs from a DEI perspective in the near future.

This article presents a framework of best practices for employers and provides a road map for incorporating DEI in benefits and retirement programs.

The Current Environment

The majority of organizations have deemed DEI a priority and are looking for ways to address it at an organizational level. In fact, these principles are increasingly cemented into overall workforce strategy—but the extent to which they are being applied in the employee benefits space is less clear.

This may be partly because most companies report that their current programs already meet the needs of their workforces. For example, a recent Aon survey revealed that many organizations believe that their retirement (74%) and benefits plans (62%) are meeting the needs of their diverse workforces.

Many organizations' programs are still built on a one-size-fits-all mentality but, despite organizations' perceptions, are such programs really meeting the needs of a diverse workforce?

One example: Some retirement plans haven't changed much in decades, meaning they were designed with the Baby Boomer generation in mind. In an effort to reduce the swelling workforce, many plans had to encourage people to retire early. Today, however, not everyone wants or can afford to retire early, so these provisions may mostly

help higher income employees who may have the financial wherewithal to take advantage of early retirement subsidies. Lower income workers may not have saved as much for retirement and might have to forgo such subsidies. In addition to failing to serve employers from a DEI perspective, these programs may not be desirable for overall workforce strategies, particularly for employers that now want to retain older employees.

While it is difficult to build benefits that will meet everyone's needs, adopting flexible programs can go a long way toward making benefits more inclusive.

Beyond acknowledging the importance of DEI in shaping recruitment and retention efforts, some organizations have implemented the following benefits-specific changes.

- **Flexible benefits program infrastructure that incorporates elements of choice.** This provides employees with the opportunity to customize their benefit coverage to support their own health and wellness as well as their family's. Examples include:
 - Offering multiple health coverage options (i.e., Level A, B or C)
 - Making available options for dependent coverage i.e., employee, partner, children
 - Offering flex credits that can be deposited to health or wellness spending accounts.
- **Retirement plan designs that encourage meaningful savings across all employee groups.** For example, adding automatic enrolment and escalation features in defined contribution plans increases the likelihood that employees will participate and save more in these plans.
- **Expanded mental health support and wellness offerings.** Creating a supportive workplace culture with ease of access to mental health and wellness resources cultivates a culture of inclusion.
- **Access to culturally appropriate benefits.** Benefit plans that support access to culturally aware providers support positive health outcomes.
- **Coverage of gender affirmation services.** Plans are broadening coverage to provide support across the gender affirmation journey, including surgical procedures not covered under provincial health programs.
- **Flextime/leave policies.** Flexibility in workhours—including leave policies—supports employees who are

managing child or elder care or providing care for a loved one in a time of illness.

- **Systems to ensure availability of benefits to all employees and equitable access without bias.** This may include:
 - Flexibility in gender identity and pronouns in HR and payroll administration systems
 - Transitioning from male/female to blended rates for life insurance (and similar benefits)
 - Managing communication wording and imagery to increase representation and better support inclusion and comprehension.

A Road Map for DEI in Benefits and Retirement Planning

Organizations should consider developing a framework to help them understand their current DEI efforts and evaluate where they want to be. These steps may begin with committing to applying DEI to long-term benefits planning, followed by an ongoing, cyclical approach to listening, reviewing, measuring and communicating as employers learn and evolve their total rewards strategies and supporting approaches.

1. Commit

Canadian employers appear to be willing to commit to DEI initiatives. Ensuring that people of different genders, races, orientations and neurodiversities feel the weight of the organization behind them is increasingly important to employers across industries. Plans to address DEI can include reviewing benefits governance to align with corporate DEI strategies, building diversity in decision-making groups as well as ensuring that these groups have training and are aware of their own unconscious bias, and incorporating inclusion goals into the retirement plan's investment policy.

Many pension plans have governance policies that describe how a plan is to operate and who is responsible for what in the operation and decision-making process. If this policy doesn't consider or reference an organization's overall DEI policy, it likely is missing an area of focus and could be misaligned with the DEI policy.

2. Listen

It's never been more important to listen closely to all employee groups and understand what is important to them.

Effective starting points include doubling down on organization-wide employee surveys and focus groups.

In addition, quantitative data is crucial information to help organizations understand what is falling out of favour or failing to serve certain segments. For example:

- An analysis of paid time off (PTO) might reveal that different groups of employees observe a variety of religious or cultural holidays. Workers will perceive great value from employers offering flexibility to mark those events.
- A pension plan heard from same-sex partners of survival benefits inequities and retroactively granted them survivor benefits prior to the date required by minimum pension legislation.
- The COVID-19 crisis has only amplified the child-care and elder-care conversation beyond scheduling flexibility and may demand pension plan sponsors to reexamine how their leave, part-time and service buy-back policies interact and impact retirement outcomes to ensure they treat marginalized groups fairly.

Takeaways

- Many human resources (HR) professionals across Canada acknowledge the importance of diversity, equity and inclusion (DEI) objectives and have made changes to their philosophies and procedures in employee recruiting, hiring and management.
- Employers should also consider tying DEI to better benefits planning. A review of benefits changes should seek to balance one-size-fits-all benefits against a carefully curated selection of voluntary benefits and options that can evolve over time.
- Some employers have implemented benefit-specific changes, including increased flexibility, expansion of mental health support and wellness offerings, and access to culturally appropriate benefits.
- The first steps to building DEI into benefits and retirement planning include committing to the effort followed by collecting data to determine what needs exist.
- Ultimately, measurement and communication are cyclical. Organizations should monitor benefits plan data such as enrolment and uptake of certain benefits to ensure that changes are having the intended effect. Communication of benefit changes should use representative imagery, be accessible via multiple sources and be understandable to everyone in a diverse employee audience.

3. Review

In some ways, this stage could be the simplest—Take what you’ve heard, incorporate it into your business model and set early benchmarks. At the same time, this step may be the lengthiest because it requires rewriting policy and design, gaining leadership buy-in and implementing changes.

Employers will need to find ways to balance one-size-fits-all benefits against a carefully curated selection of voluntary benefits and options that can evolve over time.

At all points in this step, flexibility is key. Qualitative and quantitative data can point the way toward the types of features and policies that will meet employees where they are in life.

The review must also take into consideration potential roadblocks, from internal system limitations (such as a payroll/benefits system that doesn’t recognize nonbinary genders) or budget constraints to external regulations based on where the operations are. For example, employees in Quebec may be subject to a complex web of taxes on their benefits, requiring the provision of alternatives that enable employees to take more control over their finances.

4. Measure

There is tremendous opportunity to leverage benefits plan data to gain insight into outcomes that are relevant to specific groups. Baseline measurement prior to implementation or communication can help organizations assess progress.

Benefits enrolment data can provide clues about the effectiveness of the rewards design. If employees are selecting a certain level of benefits—or allocating the majority of credits to

discretionary accounts as compared with purchasing defined benefits options—is there a reason for this? Is the design inclusive of the needs of employees, partners and dependents? If employees are choosing not to participate, it could be an indicator to review

coverage and assess how design would be tailored to better support employees and their dependents.

As a key social determinant of health, social inclusion is fundamental to supporting overall health and well-being—and supporting the health of

BIOS

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the organization and its community. Various data points within benefits data—such as uptake of mental health supports, use of employee assistance programs and various disability indicators—can provide insight.

From a retirement perspective, one example of measurement includes assessing retirement readiness across various demographics of an organization's workforce. Readiness can be measured by looking at the gap between retirement savings and retirement needs. This can be used to make tweaks to plan design and communication to help reduce the gaps.

5. Communicate

Once decisions are made, it's time to communicate the resulting changes in benefits plans to employees more clearly and effectively, incorporating a new DEI lens. Strategies may include

ensuring that employee communications are visually diverse, reviewing all content to make it more accessible and understood by your diverse employee audience, and providing several ways to access information (such as multimedia and multilingual methods).

Some materials may also be provided by the employer or other sources. Plan documents, summaries, newsletters, forms, education seminars, websites or portals all could be looked at from a DEI perspective to ensure inclusiveness and ease of understanding.

Additional opportunities may include making sure that general communications are gender neutral and focused or individual communications are customized for specific demographics and accommodate an array of pronouns (he/she/they).

Just as important is updating the language in benefits policies them-

selves. Some companies make sure that plan document terms use current, appropriate and inclusive terminology. Many are already updating such policies to better reflect modern societal norms—but there are a host of other, less obvious opportunities related to language and communication, such as replacing the term *infertility treatment* with *conception services*.

Conclusion

Many organizations already recognize the value and necessity of DEI initiatives and have seen specific wins in the recruiting and retention arena. Equal access to one-size-fits-all benefits offerings is no longer a solution and prevents many employees from feeling truly accepted in the workplace. Tying DEI to better benefits planning is an important part of succeeding in organization-wide DEI efforts. 🌐

