

1 **Q. Further to CA-NP-325, is NP's consultants, Mercer, able to provide any information**
2 **regarding how common it is for employers to provide post-age 65 retirees benefits at**
3 **no charge?**
4

5 A. Newfoundland Power's benefits consultant is Aon Consulting.
6

7 In 2009, Aon Consulting created a Benefit Trend Survey. This survey includes
8 information on trends in retirement benefits coverage. A copy of this survey is included
9 as Attachment A to this response.
10

11 The survey indicates that 41.3% of employers currently offer some type of post-
12 retirement benefits.¹ The survey also indicates that the average company paid portion of
13 retiree benefits is 88.9%.²

¹ See Question 24 at page 43.

² See Question 26 at page 44.

AON Consulting
Benefit Trend Survey 2009



Aon Consulting | 2009 Benefit Trends Survey



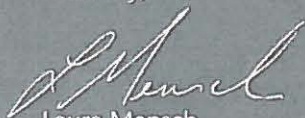
As a Canadian leader in health and benefits consulting, Aon Canada has unparalleled access to the concerns, ideas and approaches to employee benefits of Canada's leading organizations. Aon Consulting's 2009 Canadian Benefits Trends Survey team collaborated with over 275 of these organizations to closely examine their top five areas of concern: group benefits, retirement plans, talent management, communications and outsourcing.

Employers are increasingly caught in a double bind in their efforts to attract and retain top talent. On the one hand, competition for top talent is increasingly fierce. On the other, staying ahead of the competition requires attractive, competitive benefits packages – while health-care costs continue to race upward.

This survey shines a bright light on how leading employers are addressing today's most pressing benefits and talent management issues. We are confident you will find the information in this report to be of value in shaping your future workplace.

Heading into 2009, the new economic climate only amplifies the talent challenge. Organizations who address this challenge armed with the latest research, tools and approaches will certainly reap the rewards.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Laura Mensch', is positioned above the printed name.

Laura Mensch
Senior Vice President
National Practice Leader, Health & Benefits
Aon Consulting Canada

Executive Summary

For the second time, Aon Consulting has surveyed leading employers across Canada to examine their benefits and talent management practices and challenges. In this report, we identify trends and offer insights to help Canadian business leaders develop successful strategies to shape their future workplace.

Survey respondents included 278 employers representing a wide variety of industries and nine Canadian provinces. Respondents were primarily HR or benefits managers.

The survey focused on five areas of prime importance to employers: health care, retirement, talent management, communication and outsourcing, with a view to balancing rising benefits costs against the growing need to attract and engage top talent. Below are some of the key findings:

Benefit cost prevention and flexible benefits partner with cost containment

- Employers continue their efforts to manage rising costs of health care. While classic containment methods continue – 40% of respondents intend to search for a more competitive insurer – more advanced methods are also gaining strength; 49% have implemented or plan to implement proactive claims management; 58% are implementing enhanced disability management strategies.
- Many of the benefits achievable through cost containment have now been realized; a growing number of employers are looking to cost prevention. Wellness programs are increasingly popular: 46% of employers have implemented flu shot programs; 46% plan to promote exercise/physical activity; 23% offer or plan to offer weight and lifestyle management programs.
- Flexible benefits plans are gaining momentum as a method of managing benefits costs, through paying only for what is chosen by each employee; 24% of employers intend to switch to flex plans; one-fifth intend to introduce health care spending accounts.

Defined contribution plans at a crossroads?

- The trend towards defined contribution (DC) plans that has occurred since 2000 now appears to be slowing, largely because of the recent extended period of historically low interest rates. The sharp decline in equity markets in late 2008 suggests few new defined contribution plans are likely to be introduced in the near future.
- Almost one-fifth (17%) of employers indicate that less than half of their eligible employees are enrolled in their Group RRSP or DC plan. Less than 10% of employers believe their employees have a strong understanding of how to invest their Group RRSP or DC plan assets. This suggests a need for enhanced communication, yet more than half of employers (51%) currently do not offer investment advice to plan members.

Talent management: Time for a keener focus?

- With the talent market becoming ever more competitive – 84% of employers reported that the shortage of talented resources would have the most significant impact over the next one to three years – employers must become more effective at attracting and retaining top workers. Valued group benefits and retirement programs are critical tools to this end. The challenge is offering these plans when health care costs continue to rise significantly.
- Employers recognize that the war for talent is intensifying. How confident they are at dealing with that

challenge is another matter. While 57% attach great importance to workforce planning, only 11% feel they are doing a highly effective job.

Communication: needs more work

- Employers have effectively addressed the media side of the communication equation. Most use a range of media, from traditional to new age, to meet the communications preferences of their diverse, intergenerational workforce.
- Yet in terms of message, employee communication remains rooted in the past, when employers made most benefits decisions and occasional messages were sufficient. While employers have shifted considerable responsibility for decision-making to their employees, they often fail to provide the information employees need to make informed decisions.
- Employers rank total compensation or rewards as one of the most important topics of communication with their employees, and 95% of respondents who issued these statements reported they helped to increase employee understanding and appreciation. Nonetheless, only 30% of employers do provide their employees with these statements.

Outsourcing: a win-win solution

- Over 50% of employers are outsourcing their benefits and/or pension administration. Over 30% are outsourcing absence management. Increasingly, employers are realizing that the best expertise and the greatest value-for-money in managing many HR initiatives lie with organizations dedicated to the management of human resources.

Conclusions

The shortage of qualified and skilled employees is expected to be the most impactful HR issue in the next three years. Given the economic environment and the rising costs of employee benefits, striking the balance between the competition for top talent and the associated costs will underpin virtually all talent and benefit decisions moving forward.

Organizations can consider a variety of measures to effectively manage this challenge. A more concerted commitment to workforce planning is critical to directing recruitment and retention efforts. Proactive recruitment strategies for key positions and creative retention strategies can act as clear points of differentiation from the competition.

Benefits programs remain an important component of total rewards and can provide a competitive advantage if organizations evolve to innovative, sustainable and comprehensive programs that respond to a diverse workforce and changing healthcare landscape.

It is critical that employees clearly understand the value of their benefits and feel equipped to manage their benefits choices through informed decisions. Enhanced communication tools and processes will be required to convey the organization's value proposition and, in turn, maximize employee satisfaction and retention – critical success factors in the context of an impending talent crunch.

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Participants

1. 7-Eleven Canada Inc.
2. ABSA (The Pressure Equipment Safety Authority)
3. Acclaim Health
4. AFMQ
5. Agence métropolitaine de transport
6. AGF Management Ltd.
7. Agropur coopérative
8. Ainsworth
9. Air France
10. Air Liquide Canada
11. Aker Chémicals
12. Allan Breaux et Associés Inc.
13. Allegro Résidences
14. AlternaSolutions Inc.
15. Anonymous
16. Aon Canada
17. Apega
18. Apotex Inc.
19. APTN (Aboriginal Peoples Television Network)
20. Arcturus Realty Corporation
21. Areva T&D
22. Association minière du Québec
23. AstraZeneca Canada Inc.
24. Aviva Canada Inc.
25. AXA Canada
26. B. A. Robinson Co. Ltd.
27. Banque Nationale
28. Beckton Dickinson and Company
29. Bellwoods Centres For Community Living Inc.
30. Bentall Capital
31. Bibliothèque et archives nationales du Québec
32. Blockbuster Canada Co.
33. BNP Paribas (Canada)
34. Boehringer Ingelheim Canada Ltd.
35. Boutique Jacob
36. British Columbia Ferry Services Inc.
37. Business Development Bank of Canada
38. CAA Saskatchewan
39. CAAT Pension Plan
40. Camco Corporation
41. Camoplast
42. Canada Mortgage and Housing Corporation
43. Canada Post Corporation
44. Canadian Baptist Ministries
45. Canadian Medical Association
46. Canadian Memorial Chiropractic College
47. Canadian Pacific
48. Central Heat
49. Centrale des syndicats démocratiques
50. City of Abbotsford
51. City of Burlington
52. City of Chilliwack
53. City of Edmonton
54. City of Nanaimo
55. City of Ottawa
56. City of Vancouver
57. CNIB
58. COM DEV Ltd.
59. Commission de la construction du Québec
60. Commission scolaire des navigateurs
61. Comnetix
62. Computer Sciences Canada Inc.
63. Conex Credit Union
64. Construction DJL Inc.
65. Core-Mark International Inc.
66. Corporation d'hébergement du Québec
67. Cott Beverages
68. CPL (Contract Pharmaceuticals Ltd. Canada)
69. Croix Bleue du Québec
70. Custom House Ltd.
71. DALSA
72. Danier Leather Inc.
73. Davies Ward Phillips & Vineberg LLP
74. Dillon Consulting Ltd.
75. District of Squamish
76. Dover Industries Ltd.
77. Ducks Unlimited Canada
78. EB Games
79. Ébénisterie Norclair Inc.
80. Eli Lilly Canada Inc.
81. Emballages Jean Cartier
82. Emergis, a TELUS Company
83. Enerflex Systems Ltd.
84. Energy Resources Conservation Board
85. Fairmont Hotels & Resorts
86. Federated Coop
87. Fédération des caisses Desjardins du Québec
88. FedEx Trade Networks
89. Fillmore Riley LLP
90. Finning International
91. First Data Corp.
92. Flint Energy Services Ltd.
93. Flynn Canada
94. FMSQ
95. Follett Corporation
96. Fondation CSN
97. Fondation Jules et Paul-Émile Léger
98. Forks North Portage
99. Fountain Tire Ltd.
100. Fournitures Funéraires Victoriaville Inc.
101. Franklin Templeton Investments
102. Fujifilm Canada Inc.
103. Gaz Métro
104. GBO Inc.
105. Gestion Universitas Inc.
106. Gilead Sciences Inc.
107. Goodwill Industries of Alberta
108. Government of the Northwest Territories
109. Gowling Lafleur Henderson
110. Graham Group Ltd.
111. Grande Prairie Regional College
112. Green Shield Canada
113. Greystone Managed Investments Inc.
114. Groupe Deschênes Inc.
115. Groupe Induspac
116. Groupe Michel Cadrin
117. Groupe Sogides Inc.
118. H. J. Heinz Company of Canada Ltd.
119. Harry Rosen Inc.
120. Harvard Developments Inc.
121. Hays Specialist Recruitment (Canada) Inc.
122. Holt Renfrew
123. HOOPP
124. Hydro-Québec
125. Hyndman & Co. Ltd.
126. I&D Management Services Ltd.
127. Ice River Springs
128. Industrial Alliance Pacific Life Insurance
129. Industrielle Alliance
130. ING Canada
131. Ingram Micro
132. Innovation Credit Union
133. International Financial Data Services (IFDS)
134. InterVISTAS
135. Intral Inc.
136. Investissements PSP
137. Investors Group
138. IP Applications
139. Jacobs Canada Inc.
140. JELD-WEN
141. Kitchen Craft
142. Knoll North America Corp.
143. Kodak Canada Inc.
144. Kodak Graphic Communications Canada Company
145. Kontron Canada Inc.
146. Kraft Canada
147. L-3 Communications MAPPs
148. L-3 Wescam
149. La Coop fédérée
150. La Presse
151. Lac-Beauport
152. Larco Hospitality Management
153. Law Society of British Columbia
154. Ledcor Industries Inc.
155. Legal Aid Alberta
156. LensCrafters Inc.
157. Lilydale Inc.
158. Loblaw Companies Ltd.
159. Loto-Québec
160. Lundbeck Canada
161. L'Union vie
162. M&M Meat Shops Ltd.
163. Maestria
164. Maestro Group
165. Mancon Holdings Ltd.
166. Manitoba Hydro
167. Manitoba Liquor Control Commission
168. MAPEI Inc.
169. Mariposa Cruises
170. Maritime Paper Products Ltd.
171. Matrikon Inc.
172. McCarthy Tétrault
173. McMichael Canada Art Collection
174. MDS Inc.
175. Metro Richelieu
176. Minden Gross Grafstein & Greenstein LLP
177. Multi-Markes
178. Nelson Education Ltd.
179. NGF Canada Ltd.
180. Northern Lights Health Region
181. NSB Group
182. Ogilvy Renault S.E.N.C.R.L., s.r.l. / LLP
183. Olympus Canada Inc.
184. Open Text Corporation
185. Oracle Canada
186. Oxford Properties Group
187. Pacific Regeneration Technologies Inc.
188. Paladin Labs Inc.
189. Papiers CCT
190. PCL Constructors
191. Penn West Energy Trust
192. Pentax Canada Inc.
193. Pharmaceutical Product Development Inc.
194. Piller Sausages
195. Plastibec
196. PLB International Inc.
197. PMC Sierra
198. Points International
199. POS Pilot Plant
200. Présentation de Marie
201. Quadro Engineering
202. Quebecor Media Inc.
203. Quincaillerie Richelieu
204. Quixtar Canada Corporation
205. ratiopharm
206. Reebok-CCM
207. Régie de police Thérèse-De Blainville
208. Reitmans
209. Right To Play
210. Rimrock Resort Hotel
211. Rutherford Controls International Corp.
212. SAHO (Saskatchewan Association of Health Organizations)
213. Saskatoon Airport Authority
214. SaskEnergy Inc.
215. Sears Canada
216. Securit
217. Selectpath
218. Service Inspired Restaurants Corporation
219. SKF Pulp
220. SGEU LTD Plan
221. SGI Canada
222. Shepherd Village
223. SHEPP
224. Sherritt International
225. SickKids Foundation
226. Sierra Systems
227. Sifton Properties Ltd.
228. Société de transport de Laval
229. Spinrite L.P.
230. SSQ Assurances générales Inc.
231. St Paul's Fire & Travelers Guarantee Company
232. STAS Inc.
233. Steinbach Credit Union
234. Stikeman Elliott LLP
235. Sybase Canada
236. TD Meloche Monnex
237. Teachers Retirement Allowances Fund
238. Teachers' Superannuation Commission
239. Teck Cominco Ltd.
240. Tecslut
241. Teknion
242. TFNPP
243. The DATA Group of Companies
244. The Dominion of Canada General Insurance Company
245. The McElhanney Group Ltd.
246. The Wawanesa Mutual Insurance Company
247. The Winnipeg Art Gallery
248. Thrifty Foods
249. Thunder Bay Port Authority
250. Torsys LLP
251. Tourism Saskatchewan
252. Trudeau Corporation
253. Trylon TSF
254. UBE Automotive
255. United Farmers of Alberta
256. United Way Windsor/Essex County
257. Université Sainte-Anne
258. University of British Columbia
259. Uranium One Inc.
260. Vancouver Port Authority
261. Veltri Canada Glencoe
262. Ventra Plastics Kitchener
263. Ville de Baie-Comeau
264. Ville de Bécancour
265. Ville de Boisbriand
266. Ville de Bromont
267. Ville de Chambly
268. Ville de Hampstead
269. Ville de Montréal
270. Ville de Rivière-du-Loup
271. Ville d'Otterburn Park
272. Viterra
273. Westminster Savings
274. Westmount City
275. Winners Merchants International
276. Winnipeg School Division
277. Workers' Compensation Board of Nova Scotia
278. Yamaha Motor Canada Ltd.

Participant Demographics

278 employers responded to Aon Consulting's 2009 Canadian Benefits Trends Survey. The following is a profile of the respondents:

- Respondents represented a variety of industry groups: manufacturing (12.6%), retail/wholesale/distribution (12.6%), finance/insurance/real estate (13%), public sector (12%), professional services (10.1%), health sciences (3.6%), media/information/technology (4.7%) and all other private sector (28%).
- Organizations from all provinces participated, except Prince Edward Island.
- Information was gathered about five employee groups: executives, salaried employees, hourly unionized workers, hourly non-unionized workers and retirees.
- The respondents were largely HR or benefits managers responsible for compensation and benefits for their organizations.

Sample Characteristics

Participating organization distribution by industry

Other	28.8%
Finance/Insurance/Real Estate	15.1%
Health Sciences	3.6%
Manufacturing	12.6%
Media/Information Technology	4.7%
Public Sector	11.9%
Retail/Wholesale/Distribution	12.6%
Professional Services	10.1%
Not reported	0.7%
	100%

Participant Profile

Organization headcount by province

	# Org's	Avg.*	Percentiles		
			25th	50th	75th
Atlantic provinces	75	293	7	49	126
Ontario	164	1296	51	262	786
Quebec	151	1406	49	245	550
Western provinces	161	1513	75	278	956
Territories	15	398	6	9	97
Total number of employees	272	2577	164	477	1523

* Please note the average in this section is being heavily weighted by multiple orgs.

Annual revenue

More than \$5 billion	7.9%
At least \$1 billion, but less than \$5 billion	14.7%
At least \$500 million, but less than \$1 billion	9.0%
At least \$100 million, but less than \$500 million	22.3%
At least \$50 million, but less than \$100 million	8.6%
At least \$10 million, but less than \$50 million	17.6%
\$10 million or less	13.3%
Not reported	6.5%
	100%

Percentage of workforce that is part-time

100%	0.7%
75%-99%	2.2%
50%-74%	5.4%
25%-49%	9.4%
1%-24%	66.5%
0%	15.8%
Not reported	0.4%
	100%

Percentage of workforce that is union

100%	1.1%
75%-99%	18.7%
50%-74%	8.6%
25%-49%	9.2%
1%-24%	11.5%
0%	51.1%
Not reported	—
	100%



Trends in Health & Benefits and Absence Management

Managing the cost of benefits and absenteeism without compromising employee satisfaction

Determining the optimal way to manage benefits and absenteeism costs continues to be a challenge for employers. Benefits programs are a key component of total rewards and an important incentive used to attract talent. In an attempt to control the cost of these programs without reducing their competitive advantage, many employers are increasingly focusing on strategies to improve health and productivity rather than relying solely on cost shifting.

Managing benefits program costs

With benefits programs and their related costs reaching an annual average per capita cost for active employees of almost \$3,400 in 2008, employers are continuing to seek ways to better manage these costs. For example, nearly 40% of survey respondents intend to search for a more competitive insurer/claims administrator in 2008 and beyond. Almost half (49%) of respondents have either implemented or plan to implement proactive claims management, while 58% are implementing enhanced disability management strategies.

Other key approaches employers have taken to deal with their escalating benefits costs include:

- Increasing the employee contribution (28%) or fixing the employer contribution (28%)
- Controlling the usage of paramedical services by introducing a combined maximum for practitioners (28%) and per visit limits (25%)
- Changing from company-paid to employee-paid long-term disability coverage (22%)
- Reducing reimbursement levels (21%) and introducing or increasing plan deductibles (24%)
- Controlling prescription drug costs by introducing a dispensing fee cap (20%), a controlled formulary (23%), or a per prescription deductible (22%)

Aon perspective

Human Resources (HR) and Finance executives continue to be challenged by health care costs that are increasing much faster than the rate of general inflation. At the same time, employers understand that they need to offer competitive benefits programs that meet their employees' needs and expectations if they are to attract and retain hard-to-find talent. Short-term fixes to the design of traditional plans are not enough to contain future health costs. Employers recognize that they need to be innovative in developing and implementing sustainable, comprehensive health strategies and benefits programs that fit within and are reflective of their total compensation and HR strategy.

Employers continue reducing retirees' coverage

Over 40% of respondents offer coverage to their retirees (35% offer extended health care and 28% offer life insurance). Reducing the financial impact of retiree coverage, through cost shifting and/or cost avoidance, continues to be a benefit trend in 2008 and beyond. Respondents that offer retiree coverage will attempt to control the rising cost of retiree benefits by:

- Increasing the retiree contribution (32%)
- Reducing life insurance coverage (27%) and medical coverage (29%)
- Eliminating life insurance coverage (32%) and medical coverage (30%)

Aon perspective

Given the increasing concern about their growing post-retirement liability, it is not surprising that many respondents are considering reducing or eliminating coverage for retirees, or changing from a defined benefit to a defined contribution program. Furthermore, retiree benefits offer the least "payback" to the organization. While the cost of employee benefits may be balanced, at least in part, by the advantage the benefits program provides to the organization in attracting talent and building employee satisfaction and productivity, retiree benefits contribute minimal advantages in these areas, all of which suggests the trend towards reducing or eliminating coverage for retirees will continue. (Read more on defined benefit and defined contribution plans in the Retirement section of this report).

Maximizing choice: flexible benefit (Flex) plans

Today's employees, especially younger ones, tend not to feel the same long-term commitment to their employers as their predecessors did. However, employers must still invest in competitive benefits programs for their employees if they are to be able to attract talented workers. Furthermore, in today's multi-generational workforce (i.e. Generation X, Generation Y, etc.) employees have a wide range of benefits expectations; they are looking for benefits programs that are sufficiently flexible to adapt to their specific circumstances.

Given the diversity of these needs, coupled with the changing health care landscape (i.e. services being delisted by provincial health care plans) and the increasing cost of benefits, a growing number of employers either offer or plan to introduce flexible benefits plans (flex plans) in addition to offering employee-paid optional benefits. While just 12% of respondents have already implemented flex plans in place of traditional plans (i.e. plans that offer no options to employees), almost one-quarter (24%) of them intend to switch to flex plans in 2008 or later.

Another emerging trend to reduce current benefit costs is to offer a health care spending account, which provides employees with even greater levels of flexibility. One-fifth of respondents intend to introduce health care spending accounts in 2008 and later.

Employers focusing on employee health and wellness

The attention employers have paid to controlling their health care costs has led to a growing appreciation of the value that improved employee health has on reducing health, disability and absenteeism costs, as well as increasing workforce productivity. Forty-six percent of respondents have implemented flu shot programs, 35% promote exercise/physical activity and 29% have implemented smoking cessation programs. Looking forward, 52% of respondents intend to offer flu shot programs, 46% will promote exercise/physical activity and 35% will offer smoking cessation programs. In addition, almost one-quarter (23%) of respondents either offer or plan to offer weight management and online lifestyle management programs. Increasingly, employers are also looking to better understand and define the health risk profile of their employee population through integrated analyses that include drug, health, disability, absence and self-reported health data.

This emphasis on wellness programs suggests that employers are focused on more than just cost-cutting or cost shifting; they are also willing to invest in the development of a healthier and more productive workforce. Employers recognize that programs that focus on improved nutrition, fitness, stress management, work-life balance and healthier lifestyle choices can help minimize their direct and indirect costs.

Aon perspective

Increasingly, employers are improving cost control, enhancing employee satisfaction and better meeting employee needs by shifting from a traditional benefits plan to a flex plan.

Many employers continue to reduce coverage levels and shift additional portions of their program costs to their employees as their primary strategy for managing rising benefits costs. Some employers are also looking to control mid- and long-term costs through programs that help employees adopt better lifestyle habits (e.g., smoking cessation programs). Through health and wellness programs, organizations can determine employee health risk profiles. The goal is to minimize adverse changes in the health status of their employees, thus reducing the number of future costly chronic benefits users.

Employers continue to improve absence management practices

Four out of ten respondents report that their total direct cost of absenteeism is below 2.9% of payroll. The remaining 60% of respondents have absenteeism costs that are either in line with or higher than the Canadian average (3.5% of payroll, according to Statistics Canada, June 2008). Over 50% of respondents manage their non-occupational short-term disability absences internally; others use an insurer or disability management organization.

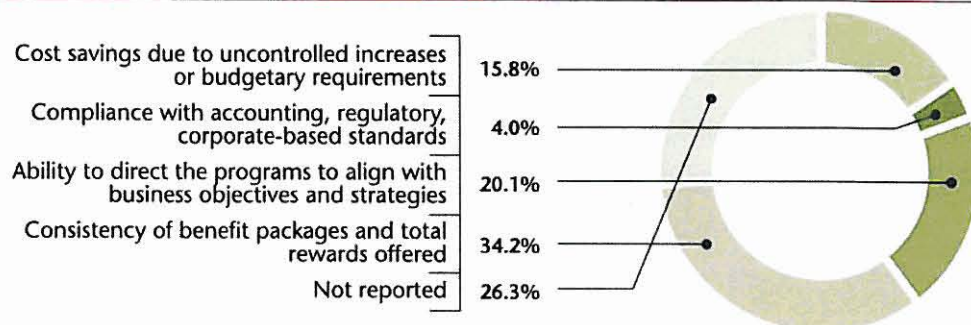
Currently, almost 70% of respondents track unscheduled absences and sick leave within their absence management data, though less than 15% of them actually follow up on the disability or absence costs related to employees' chronic conditions. By 2009, however, 60% of respondents plan to implement ways of tracking and evaluating incidental absences. About one-quarter (24%) of respondents plan to implement absence and disability performance indicators through a "dashboard" approach, which provides information on these indicators to management.

Aon perspective

Recent research confirms that a proactive approach to helping employees (especially those with mental health issues) in the return to work process can have a significant effect on these employees' return to pre-disability function and performance on the job. To contain costs and better manage scarce talent, many respondents (close to 60%) are seeking to improve their disability management. More than half of the respondents intend to implement formal return to work processes for occupational and non-occupational (disability) absences by 2009.

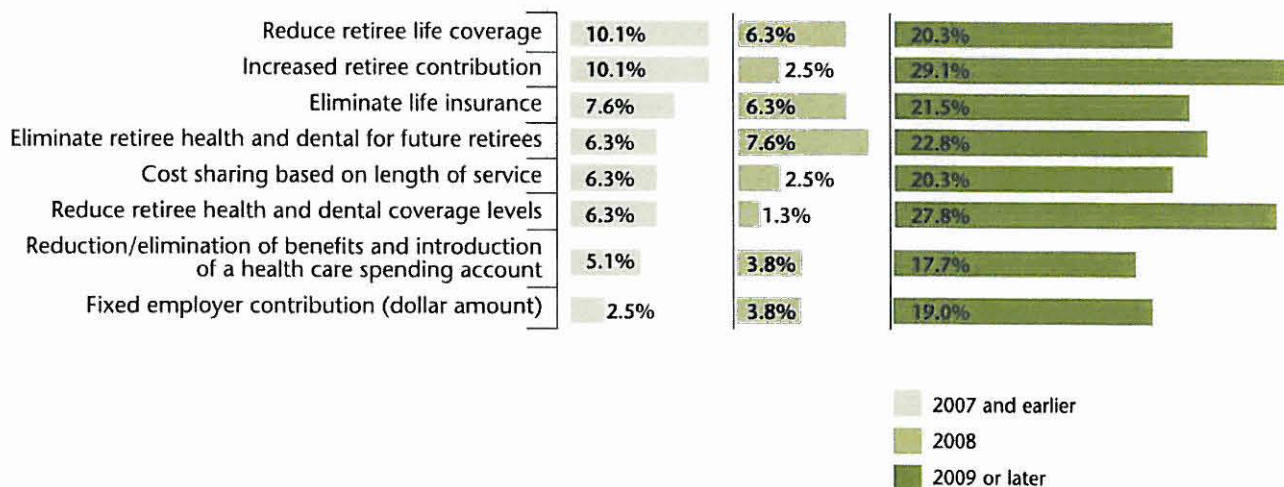
An area that is still yet to be widely developed is the management dashboard. Best practices for sustaining regular attendance and containing absence costs include providing the organization's top management with the factual metrics it needs to make informed decisions that support the relevant initiatives of the organization's HR and operational managers. Just 15% of respondents provide their senior management with performance indicators related to absence or disability issues.

If you have implemented a global strategy for your pension and benefit programs, what is your primary business objective?



What changes have you implemented or are you looking to implement for your future retirees' coverage?

(Indicate all that apply)

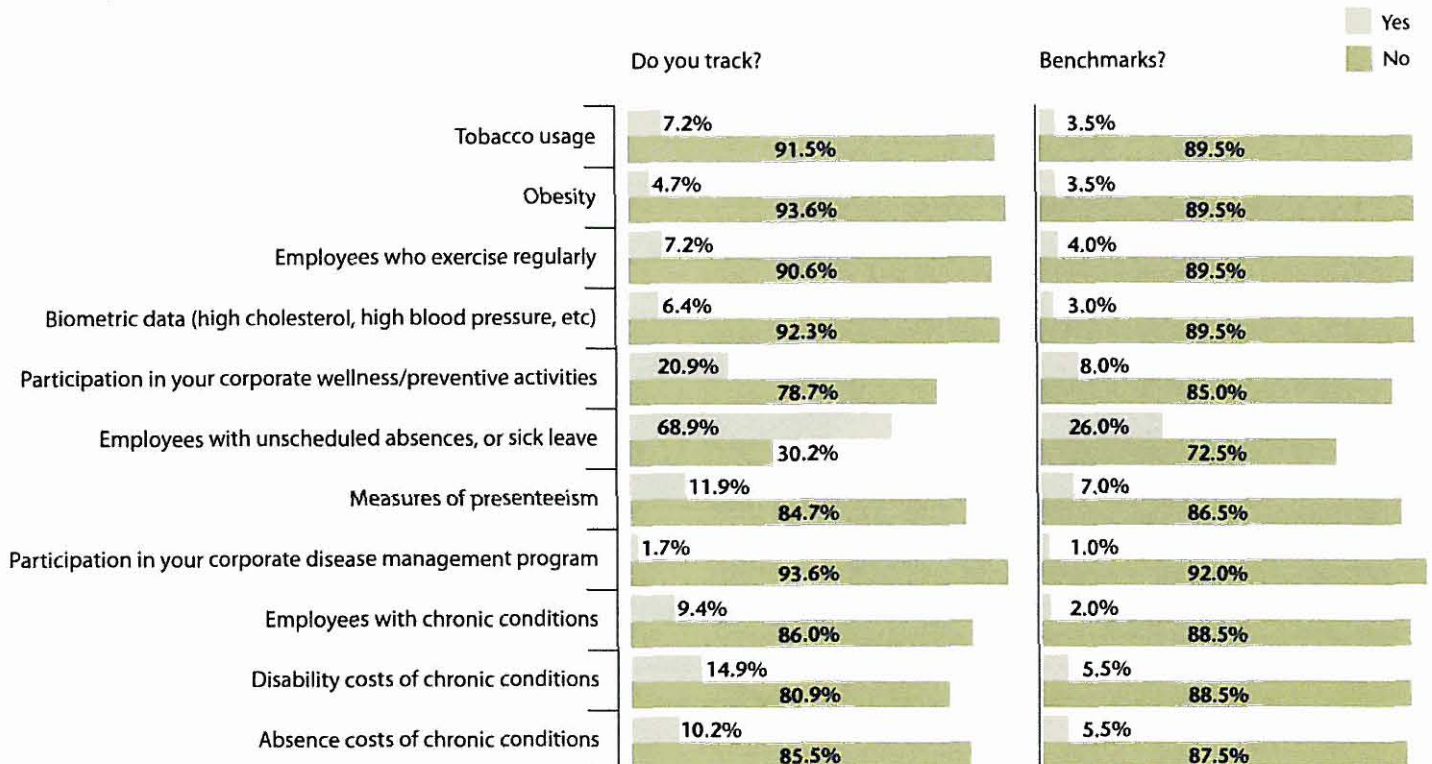


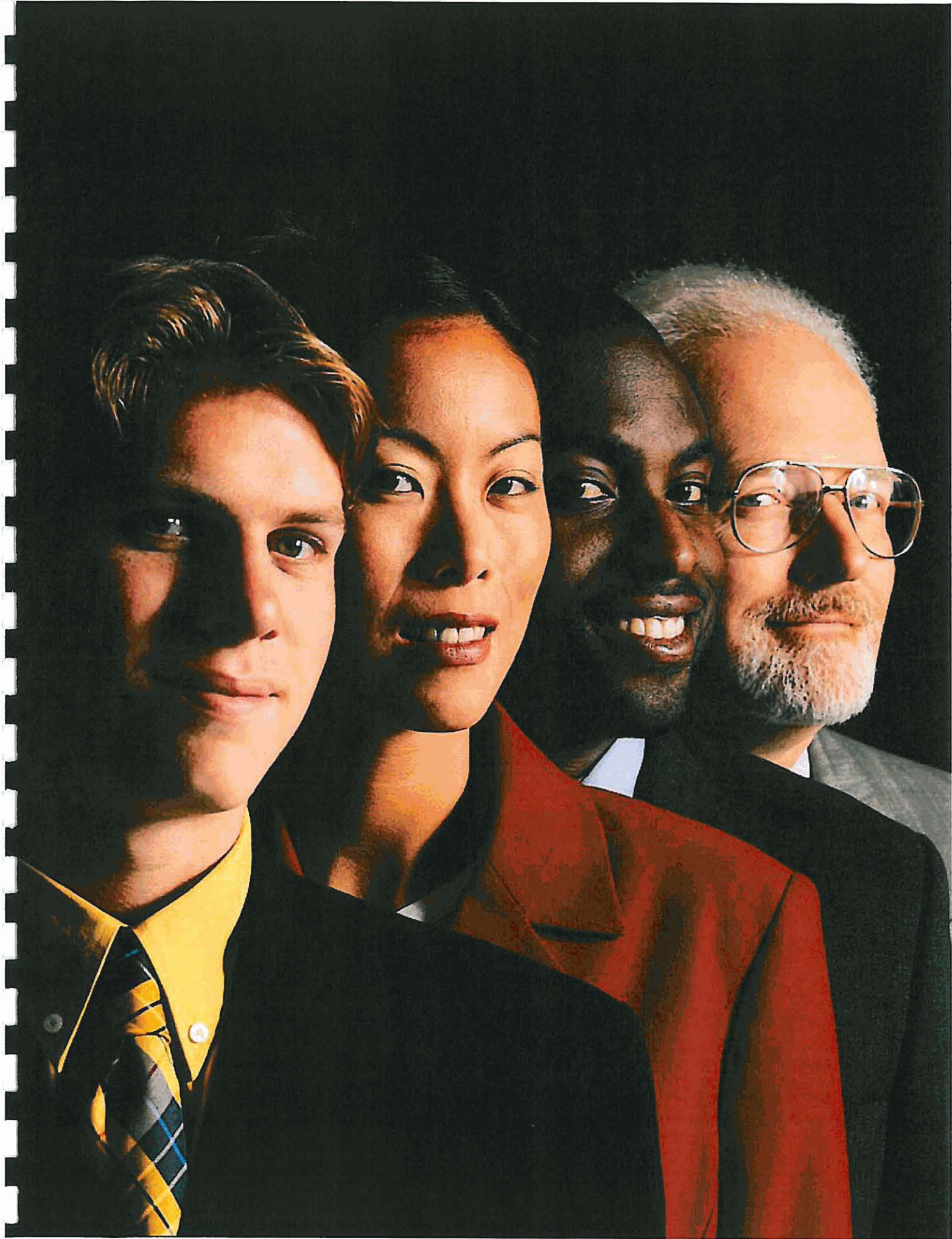
For your absence management programs, what practices have you implemented or do you intend to implement?

(Indicate all that apply)



For which of the following areas does your organization track current status/results and maintain specific benchmarks or targets through the use of a voluntary anonymous Health Risk Assessment Tool or Absence Management Data?





Trends In Retirement

Shift away from defined benefit pension plans slows

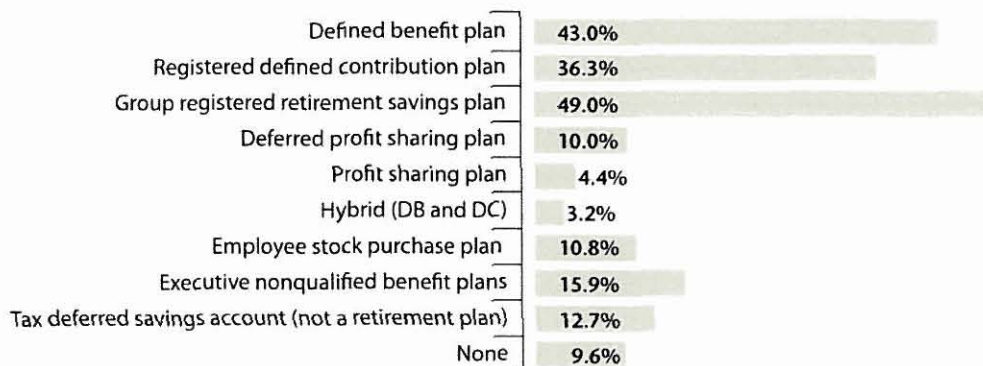
Despite the fact many organizations have moved away from defined benefit (DB) pension plans in recent years, DB plans are far from extinct in Canada. Today, 43% of survey respondents continue to offer DB pension plans, while 36% offer Defined Contribution (DC) pension plans. The most popular retirement plans are Group RRSPs, which are offered by 49% of respondents. Some respondents have more than one type of retirement plan in place, while one in ten respondents indicates they do not offer any type of retirement plan to their employees.

The trend away from DB plans appears to be abating. Over three-quarters (77%) of respondents with DB plans have made no significant changes to their plan in the past two years. Of those that have made changes, 15% have closed their plan to new entrants, 4% have reduced the level of benefits in the plan and 4% have frozen benefits. Looking ahead, 80% of respondents with DB plans do not expect to make significant changes to their plans in the next two years; 10% will maintain their DB plan but reduce the benefit level, 8% will close their plan to new entrants and just 2% intend to freeze benefits.

It is interesting to note that, while the popularity of DB plans has waned recently, most supplementary employee retirement plans (SERPs) still use a DB format. Almost three-quarters (73%) of respondents with SERPs have a DB SERP.

What type of retirement plans does your organization currently offer?

Indicate all that apply



Aon perspective

While there has been a transition away from DB plans to DC plans since 2000, it has largely taken the form of a DB freeze whereby the organization maintains its DB plan for employees' past service and puts a DC plan in place for employees' future service. A key reason why DB plans have not been eliminated altogether can be attributed to the current extended period of historically low interest rates. Plan sponsors are reluctant to lock in their returns at low rates by settling their DB liabilities.

Following the sharp decline in equity returns experienced in late 2008, even those organizations that have frozen their DB plans will be burdened with skyrocketing solvency amortization payments starting in 2009. While the coming year may not be the best time to settle remaining DB liabilities, it might be the right time for employers that have been waiting to eliminate DB plans entirely to develop a plan with an expected timeline for action.

Defined contribution plans

Defined contribution plans include pension plans, deferred profit-sharing plans and group registered retirement savings plans. While there has been a significant increase in the number of DC plans since 2000, most plans have a number of issues that need to be addressed if the plans are to meet the expectations of their sponsors and the employees enrolled in them. These issues include plan governance as well as employee communications about the plans and how to participate in them. It seems likely that DC plans, and the DC industry in general, are unlikely to fully "mature" for some time.

DC plan governance

Although the Guidelines for Capital Accumulation Plans (CAP Guidelines) were finalized in May 2004 and came into effect (albeit on a voluntary basis) after December 31, 2005, 51% of respondents indicate that they are either not compliant with the CAP Guidelines or do not know whether they are.

The most common governance function that survey respondents have put in place related to their DC plans is a formal committee to oversee investments (62% of respondents have such a committee), while just 14% of respondents undertake a full independent review of fees and expenses.

Employee communication and participation

Almost one-quarter (22%) of respondents indicate that less than half of their eligible employees are enrolled in their DC plan. The most common reason employees do not participate in the plan is that they cannot afford it. Other reasons include they are not aware of the plan, they do not understand how to enroll in the plan, or they do not know how to select investment options.

The low levels of employee awareness about DC plans suggest the existence of significant communication issues related to these plans. Indeed, more than four out of five respondents (81%) believe their employees have either little or very little understanding of how to invest their DC accounts. This low level of understanding may, in part, be reflective of the fact that most respondents (60%) do not offer investment advice to DC plan members. As a result, an employer's choice of a default fund for those employees who, for whatever reason, do not choose their own investment option becomes an important matter. In the past, a money market fund was typically the default

investment fund. Survey responses show the most common default fund today to be a balanced fund (41% of respondents) followed by a money market fund (29% of respondents).

Employer contributions to DC plans

Almost half of respondents (47%) compute employer contributions to their DC plan on the basis of matching the contributions of their employees, 23% make contributions unrelated to employee contributions and 25% make contributions based on some combination of the two. Of the employers that match their employees' contributions, 70% fully match their employees' contributions and almost half of respondents (49%) report that their maximum employer match results in an employer contribution of 6% or more of pay.

Most respondents indicate they will maintain their current contributions levels. Less than 1% of respondents intend to reduce their contribution levels, while 7% plan to increase contributions.

Aon perspective

DC plans do not appear to have evolved significantly. Since 2004, there has been an extensive push for improved plan governance, however, many pension committees continue to place their focus solely on investments. While investment performance is important, for some plans, the level of employee participation is a major issue which must be addressed if plan participants are to have any chance of a comfortable retirement. Furthermore, employer contributions alone are rarely high enough to meet most plan participants' expectations. Plan participants who do not understand that and do not add their own contributions will find it difficult to attain the level of retirement income they want.

Given plan participants' minimal understanding of investment concepts and low utilization of the common modeling tools available, it appears that many participants do not fully understand the way their DC plans work, including the contributions and investment choices they are expected to make.



Trends in Talent Management

The talent crunch is fast approaching

Ensuring that they have, and will continue to have, the qualified talent needed for success is a critical and increasingly difficult challenge facing most organizations. Almost all respondents (99%) identify an aging consumer and an aging workforce as their largest risk factors. Not surprisingly, in light of the shifting demographics and scarcity of talent, most respondents (57%) attach great importance to workforce planning, but just 11% of them feel they are doing a highly effective job at it.

Of the following major human capital challenges, which do you think are going to have the most significant impact on your organization in the next 1-3 years?

Indicate all that apply



Most respondents (84%) say the shortage of qualified and skilled employees will be their most impactful HR issue over the next three years. More than four out of five respondents recognize the importance of meeting their talent/skill needs at senior leadership levels, at management levels and for key professional positions. Respondents are concerned about the impact a leadership shortage will have on their organization's ability to deliver desired customer service levels, meet revenue growth targets and profitability targets, and act innovatively.

Recruiting is a challenge...and reactive

Despite their concern about the risks of not having sufficient talent, many organizations remain in a reactive mode when it comes to talent recruitment and selection. Less than one-quarter (23%) of respondents continuously recruit for hard-to-fill positions or feel their organization is effective in meeting its talent/skill needs at management levels. Even fewer (12%) believe their organizations are effective in meeting talent/skill needs for key professional positions.

Organizations recognize their talent needs, but can they address them effectively?

Respondents identify a number of talent-related areas they consider of importance, many of which they expect to become even more significant in the future. Yet respondents are not highly confident in their organization's ability to address these issues effectively.

Talent recruitment and selection process: Most respondents (85%) rank their talent recruitment and selection process as being either very important or extremely important, and more than three-quarters (77%) anticipate an increase in their talent needs over the next three to five years. However, less than one-quarter (23%) of respondents believe they are doing an effective job in their recruiting and selection practices.

Talent retention: When it comes to ensuring that an organization has the talent it needs to succeed, retaining existing talent goes hand-in-hand with recruiting talent. Given that most respondents recognize the need to recruit talent as a priority, it is not surprising to see that most (81%) feel retention is either very important or extremely important. Most respondents (69%) also feel talent retention will become even more important in the future. Nevertheless, just 22% of respondents believe their retention strategies are effective.

Talent management and succession planning: Given the aging of the workforce, we see that almost 80% of respondents expect their talent management and succession planning needs to increase in the future. However, just over one-third (36%) of them feel their organizations are currently very effective in this area.

Innovation and creativity required to be competitive: Talented employees are important to an organization's ability to innovate and be creative in order to be competitive. Almost three-quarters (73%) of respondents believe they will need to increase their practices to promote innovation and creativity, but just 18% of them currently consider their organizations very effective in these practices.

Employee training and development: Training and development is important for developing the skills and abilities of current employees and is a key incentive for attracting talent. Recognizing that, most respondents (64%) expect their employee training and development needs will increase significantly, yet just 21% of them feel that their current practices in this area are very effective.

Aon's perspective

For the next few years, it will be critical for organizations to have the ability to attract and retain talent. Organizations recognize that having the talent they need to succeed is not only one of their top challenges, but will become an even more difficult one in the future. Yet few organizations believe they are currently very effective in meeting this challenge. The issue, therefore, is: will they be able to become more effective, and effective enough, in executing their talent strategies over the next few years?

Organizations seeking to distinguish themselves from the competition and win the war for talent will clearly need to adopt and execute highly effective, innovative and proactive strategies, especially when it comes to recruiting talent for key positions, and designing and implementing creative staff retention and succession planning initiatives. Employee training and development and the ties that employees maintain with their managers are two of the largest factors affecting retention. The more effective an organization is in addressing these and other retention factors, the more successful it will be in sustaining an ability to retain key talent. The key to that success is the ability to first attract and develop managers who will focus on developing employees, and mobilize and inspire their organization's workforce.



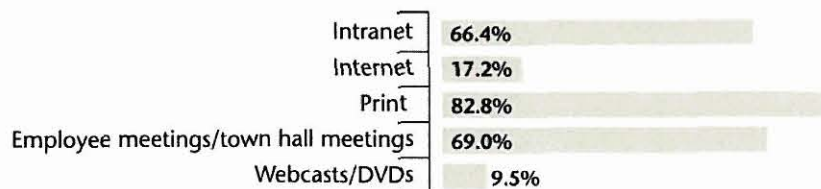
Trends Survey – Communication

Organizations use a range of media to communicate with employees

Traditional print media continues to be the most popular method of communicating benefits, HR and organizational information to employees. Two-thirds of respondents provide their employees with intranet access to this information. Seventeen percent offer communications through the internet which allows employees to access the information from home and share it with their spouses and partners. Many respondents (78%) also use face-to-face meetings for communicating such information.

How does your organization currently communicate benefits, HR and organizational information to employees?

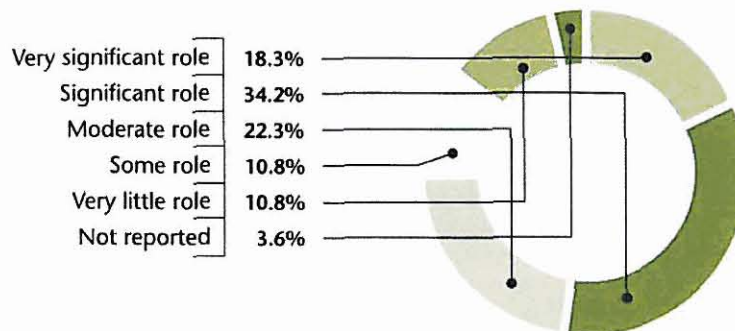
Indicate all that apply



Face-to-face communication not always well supported

More than two-thirds of respondents use employee meetings or town hall meetings to communicate organizational, HR and benefits information. Three-quarters of respondents feel managers have a moderate to very significant role in the communication process, but few organizations provide their managers with tools to support the communication effort. Just 18% of respondents provide their managers with talking points, presentations or other materials to help ensure messages are delivered consistently across the organization; about one-third (32%) only “sometimes” provide their managers with such tools.

What role do managers play in helping you communicate the value of your employer value proposition?



Communicating the employer value proposition

Over two-thirds of respondents use personal interaction (e.g. employee focus groups, small group meetings and one-on-one interviews) to gain employees' feedback about benefit and organizational issues.

Respondents rank total compensation or rewards as one of the most important topics of communication with employees. Over half (53%) rank it as being either very important or extremely important, second only to information about the company's mission, vision and values (60% rank that as very important or extremely important). Still, fewer than 30% of respondents provide employees with annual total compensation or rewards statements, though an additional 43% of respondents plan to provide such statements in the future.

Organizations that provide statements find them to be a valuable tool in helping to communicate total compensation. Over 95% of respondents report that the statements helped increase employee understanding and appreciation of the employer's financial contribution to their total compensation. Almost one-third (32%) said the statements contributed to higher levels of employee engagement and that they had a positive impact on employee retention (30%).

Please identify how important the topics listed below are for your organization to communicate.

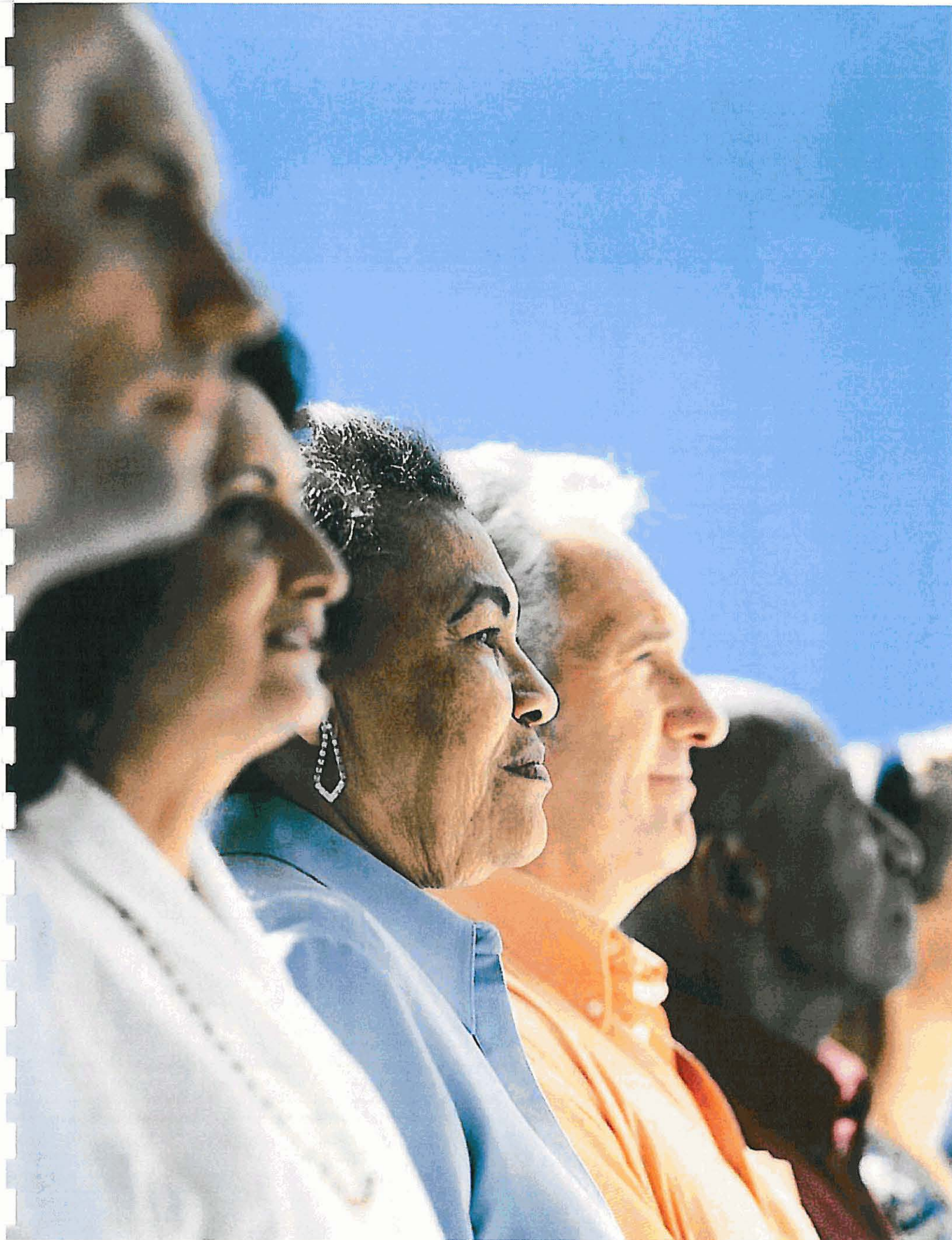
	Extremely important	Very important	Important	Somewhat important	Not important
Company mission, vision and values	19.0%	41.3%	28.3%	8.6%	2.2%
Employer branding	11.5%	27.9%	33.8%	19.7%	4.8%
Total compensation or rewards	10.8%	42.4%	33.1%	9.3%	3.0%
Organizational change	8.9%	37.9%	30.9%	14.9%	4.8%
HR policies and programs	7.1%	34.6%	44.6%	11.5%	1.1%
Performance management	6.7%	43.1%	37.9%	10.4%	0.7%
Benefits programs	6.3%	36.1%	51.3%	5.2%	1.1%
Employer value proposition	6.3%	32.3%	39.0%	16.4%	3.0%
Health and wellness	5.2%	25.3%	46.8%	16.0%	5.2%
Career development and training	4.1%	32.0%	47.2%	13.8%	1.9%
Organizational development	4.1%	32.0%	40.5%	15.2%	4.1%
Executive benefit programs	2.6%	15.2%	37.9%	20.8%	17.8%
Financial and/or retirement planning	2.2%	16.7%	42.4%	24.5%	11.2%

Aon perspective

With today's diverse, intergenerational workforce, it is not surprising that organizations employ a wide range of media to match their employees' differing communication preferences. Given the increasing numbers of younger, highly technology-fluent workers, there is a growing use of web-based, self-service tools. Organizations are moving from static content web sites to integrated HR Portals that have increased transactional capabilities, personalized decision making tools, benefits and pension modelers and interactive wellness components.

Despite the increase in new age media, the oldest form of communication, face-to-face communication, remains popular and is still the most direct and intimate form of communication. Organizations understand the value of direct interaction with employees, which provides immediate feedback and a forum of information exchange.

Despite this, organizations do not appear to fully appreciate or take full advantage of the power of face-to-face communication. Managers are often left on their own to structure and deliver key messages and technical information with little training or tools to help them. Without effective tools to support them, the value and benefit of live meetings will only be as good as the interpersonal, communication and technical skills of each individual manager.



Trends in Outsourcing

Outsourcing growing in popularity

Growing numbers of organizations are outsourcing their benefits administration and absence management functions. Just over one-quarter (27%) of respondents to Aon's Benefit Trends Survey in 2006 reported outsourcing benefits administration; today, more than half of respondents do so. Similarly, the number of organizations that outsource absence management has jumped to 29% of respondents from only 17% two years ago.

About two-thirds (65%) of respondents outsource some form of retirement plan administration (both DB and DC) and one-fifth have outsourced direct contact with their employees through a benefits call centre. These numbers are relatively unchanged from 2006.

The top reasons for outsourcing, unchanged since Aon's last survey, are: access to expertise, to improve service and quality, to allow the organization to focus on its core competencies, and to allow the organization to focus on strategic issues. In addition, respondents report other benefits gained by outsourcing one or more of their HR functions. These include improvements in service (cited by half of respondents), improved quality (40%), a better ability to focus on strategic activities (one-third) and reduced costs (26%).

Organizations that do not plan to outsource any of their HR functions in 2009 will not do so because outsourcing is not a management priority or because the organization has sufficient in-house expertise to handle its own needs. Organizations that are considering outsourcing some HR functions suggest that they are most likely to outsource absence management and recruitment activities.

Aon perspective

No matter how well designed an HR program may be, it will only succeed if it is supported by integrated, effective solutions. Organizations increasingly recognize that the best expertise in terms of efficiency, quality and cost-effectiveness for administering many of their HR programs lies with organizations that make HR administration a primary business activity. While some organizations have that capability in-house, a growing number are turning to outsourcing as their best choice for HR administration. As the complexity of HR administration issues increases (a reflection, for example, of the wider range of individual choices and options available to each employee), it would appear that fewer and fewer organizations will have the capability of effectively administering all their HR programs internally.

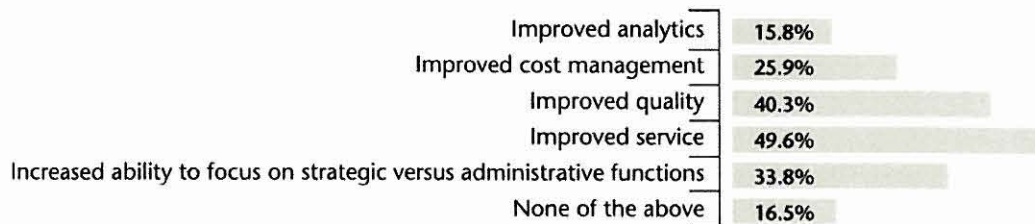
Which of the following reasons listed below were the most important leading to your outsourcing decision?

Indicate all that apply



Which outcomes has your organization achieved?

Indicate all that apply



Are you ready

to shape the future of your workplace
through benefits and talent management?



Talent Management

HUMAN CAPITAL RISK AND CHALLENGES

1. What do you perceive as the greatest human capital risks facing your organization? (Indicate all that apply.)

Aging consumers and workforce	98.5%
Healthcare and benefits costs	97.0%
Regulatory and compliance risks	92.9%
Industry consolidation/transition	91.4%
Emerging markets	89.8%

2. Of the following major human capital challenges, which do you think are going to have the most significant impact on your organization in the next 1-3 years? (Indicate all that apply)

Shortage of qualified and skilled resources	84.2%
Increasing cost of benefits	59.7%
Changing demographics	57.1%
Absenteeism and productivity	41.4%
Correct and full implementation of corporate guidelines	16.1%
Regional/geographic diversity	15.8%
Outsourcing/Offshoring	9.9%

LEADERSHIP AND TALENT MANAGEMENT

3. Using the scales provided, please rate both how important each item is to your organization and how effective your organization is at delivering each.

Important

	Rank*	Extremely Important	Very Important	Important	Somewhat Important	Not Important
Ability to meet talent/skill needs at senior leadership level	1	44.2%	40.4%	11.3%	1.9%	1.5%
Compliance with applicable policies, procedures, laws and ethics	2	39.6%	35.5%	21.5%	2.3%	0.4%
Talent retention	3	36.6%	44.2%	15.5%	3.0%	0.4%
Talent recruiting and selection process	-	34.7%	50.6%	12.5%	1.9%	—
Communication	-	34.7%	46.8%	14.7%	2.3%	0.4%
Employer branding (reputation in marketplace)	-	34.7%	37.7%	16.2%	6.0%	3.0%
Ability to meet talent/skill needs at management level	-	29.8%	54.0%	14.3%	1.5%	—
Employee engagement	-	26.8%	46.8%	23.0%	1.5%	1.5%
Ability to meet talent/skill needs for key professional positions	-	26.4%	55.8%	15.5%	1.5%	—
Total rewards system	-	23.0%	54.3%	18.1%	3.4%	0.8%
Innovation and creativity required to be competitive	-	23.0%	39.2%	22.6%	6.4%	7.2%
Talent management and succession planning	-	19.2%	47.2%	25.3%	5.3%	1.5%
Employee training & development	-	18.9%	49.4%	25.7%	5.3%	0%
Performance management	-	18.5%	49.4%	24.9%	4.5%	1.9%
High potential talent identification	-	17.4%	43.0%	30.2%	6.0%	1.5%
Workforce planning in light of demographic shifts & talent shortages	-	13.6%	43.0%	29.1%	10.6%	3.4%
New employee on-boarding	-	13.2%	46.4%	31.3%	6.4%	1.9%
Design of HR administrative processes	-	10.6%	31.3%	38.5%	15.8%	3.0%
Mergers and acquisitions facilitation	-	10.6%	12.5%	11.3%	15.1%	44.2%
Large-scale organizational change	-	9.4%	21.1%	26.4%	20.4%	17.7%
Ability to meet talent/skill needs at entry level	-	9.1%	34.3%	42.6%	11.7%	1.9%
HR cost reduction	-	3.8%	16.2%	37.0%	27.2%	14.0%
Outsourcing HR functions	-	0.8%	3.4%	11.7%	23.8%	57.7%

* Ranked by "Extremely Important"

Effectiveness

	Rank*	Extremely Effective	Very Effective	Effective	Somewhat Effective	Not Effective
Outsourcing HR functions	1	18.8%	39.5%	35.2%	4.6%	1.1%
Mergers and acquisitions facilitation	2	11.5%	28.4%	33.7%	18.0%	6.5%
Large-scale organizational change	3	8.4%	42.1%	38.3%	10.3%	—
Talent management and succession planning	-	6.9%	29.1%	44.1%	15.3%	3.4%
High potential talent identification	-	5.7%	26.4%	39.8%	23.4%	4.2%
Employer branding (reputation in marketplace)	-	4.2%	21.8%	39.8%	28.0%	5.7%
Employee engagement	-	4.2%	6.1%	34.9%	12.6%	29.1%
New employee on-boarding	-	3.8%	28.7%	41.4%	17.6%	4.6%
Performance management	-	3.1%	28.0%	51.3%	16.5%	1.1%
Talent retention	-	3.1%	18.8%	48.3%	23.8%	5.7%
Design of HR administrative processes	-	3.1%	18.4%	40.2%	27.6%	8.4%
Innovation and creativity required to be competitive	-	3.1%	14.6%	53.3%	21.1%	3.4%
Total rewards system	-	2.7%	34.5%	46.4%	14.6%	1.5%
Communication	-	2.7%	23.0%	43.7%	24.1%	4.6%
Employee training & development	-	2.7%	19.2%	48.7%	23.4%	5.4%
Ability to meet talent/skill needs at senior leadership level	-	2.3%	22.2%	44.1%	25.3%	5.7%
HR cost reduction	-	2.3%	15.7%	26.8%	17.6%	23.8%
Ability to meet talent/skill needs at entry level	-	1.5%	28.0%	45.2%	20.3%	4.6%
Compliance with applicable policies, procedures, laws and ethics	-	1.1%	24.9%	54.0%	18.8%	0.8%
Talent recruiting and selection process	-	1.1%	21.8%	55.6%	19.9%	0.8%
Ability to meet talent/skill needs at management level	-	0.8%	21.8%	44.1%	26.4%	5.7%
Ability to meet talent/skill needs for key professional positions	-	0.8%	11.1%	39.1%	26.8%	14.2%
Workforce planning in light of demographic shifts & talent shortages	-	0.4%	10.7%	36.8%	38.3%	11.9%

* Ranked by "Extremely Effective"

4. Consider the next 3-5 years. Using the scale provided, indicate if needs in each area will increase, decrease, or stay the same.

	Rank*	Increase Substantially	Increase	Stay the Same	Decrease	Decrease Substantially
Talent retention	1	14.3%	54.3%	27.2%	3.0%	0.4%
Talent management and succession planning	2	14.0%	65.3%	19.2%	0.4%	0.4%
Talent recruiting and selection process	3	13.6%	63.8%	20.8%	1.1%	0.4%
Communication	-	13.2%	61.1%	23.4%	—	0.4%
Workforce planning in light of demographic shifts & talent shortages	-	11.7%	58.9%	26.4%	1.1%	0.4%
Ability to meet talent/skill needs for key professional positions	-	11.3%	53.2%	31.3%	3.0%	0.4%
Employee engagement	-	10.9%	53.2%	33.6%	1.1%	0.4%
Ability to meet talent/skill needs at management level	-	10.2%	53.2%	32.8%	3.0%	0.4%
Employee training & development	-	9.8%	54.3%	34.0%	0.8%	0.4%
Innovation and creativity required to be competitive	-	9.4%	63.0%	24.2%	0.4%	—
Employer branding (reputation in marketplace)	-	9.4%	51.7%	36.2%	—	0.4%
Ability to meet talent/skill needs at senior leadership level	-	9.1%	43.0%	43.8%	3.0%	—
High potential talent identification	-	8.3%	53.6%	36.2%	0.4%	0.4%
Performance management	-	6.8%	52.1%	39.2%	—	0.4%
Ability to meet talent/skill needs at entry level	-	6.0%	35.8%	54.0%	3.8%	—
New employee on-boarding	-	4.9%	45.3%	48.3%	0.4%	0.4%
Total rewards system	-	4.2%	69.4%	24.9%	0.8%	0.4%
Large-scale organizational change	-	4.2%	26.0%	58.9%	5.3%	0.8%
Compliance with applicable policies, procedures, laws and ethics	-	3.8%	34.0%	61.1%	—	—
Design of HR administrative processes	-	3.4%	44.5%	48.7%	1.1%	0.4%
HR cost reduction	-	2.6%	18.9%	70.9%	4.2%	1.1%
Mergers and acquisitions facilitation	-	2.3%	15.1%	62.6%	5.3%	3.8%
Outsourcing HR functions	-	0.8%	8.3%	76.6%	7.5%	2.3%

* Ranked by "Increase Substantially"

5. Which one of the following potential results of a leadership shortage most concerns you?

Reduced ability to meet revenue growth goals	21.2%
Reduced ability to innovate	11.9%
Reduced ability to meet profitability targets	21.2%
Reduced ability to deliver desired customer service levels	30.6%
None of the above	8.6%
Not reported	6.5%
	100%

6. For hard-to-fill positions, which of the following best describes your recruiting approach?

Same as for other positions	12.6%
We recruit applicants for hard-to-fill positions when they become open	56.1%
We continuously recruit for hard-to-fill positions to establish a pool of candidates	23.0%
Does not apply; we do not have hard-to-fill positions	2.2%
Not reported	6.1%
	100%

7. Over the last two years, when you were not successful in hiring your top recruits, what was the main reason?

They go elsewhere for pay that they perceive is higher	34.9%
They go elsewhere for benefits that they perceive are better	1.8%
They go elsewhere for long term incentive/equity compensation they perceive is better	5.4%
They go elsewhere for career development opportunities they perceive are better	12.6%
They go elsewhere for perceived work/life advantages	6.8%
We hire the majority of our top recruits	31.3%
Not reported	7.2%
	100%

COMMUNICATIONS

8. How does your organization currently communicate benefits, HR and organizational information to employees? (Indicate all that apply)

Intranet	66.4%
Internet	17.2%
Print	82.8%
Employee meetings/town hall meetings	69.0%
Webcasts/DVDs	9.5%

9. What HR self-service communication do you offer employees? (Self-service is a website that provides information that reflects the employee's personal data such as salary, length of service)? (Indicate all that apply)

None	37.4%
Total Rewards Statement	13.6%
Performance Management	22.0%
Link to payroll information	20.5%
Benefits Booklets	53.8%
Retirement Calculator	23.8%
Retirement Planning Education	25.3%
Benefits Enrolment	29.3%
Training	28.6%
Career Development	16.8%

10. Please identify how important the topics listed below are for your organization to communicate.

	Rank*	Extremely Important	Very Important	Important	Somewhat Important	Not Important
Company mission, vision and values	1	19.0%	41.3%	28.3%	8.6%	2.2%
Employer branding	2	11.5%	27.9%	33.8%	19.7%	4.8%
Total compensation or rewards	3	10.8%	42.4%	33.1%	9.3%	3.0%
Organizational change	-	8.9%	37.9%	30.9%	14.9%	4.8%
HR policies and programs	-	7.1%	34.6%	44.6%	11.5%	1.1%
Performance management	-	6.7%	43.1%	37.9%	10.4%	0.7%
Benefits programs	-	6.3%	36.1%	51.3%	5.2%	1.1%
Employer Value Proposition	-	6.3%	32.3%	39.0%	16.4%	3.0%
Health and wellness	-	5.2%	25.3%	46.8%	16.0%	5.2%
Career development and training	-	4.1%	32.0%	47.2%	13.8%	1.9%
Organizational development	-	4.1%	32.0%	40.5%	15.2%	4.1%
Executive benefit programs	-	2.6%	15.2%	37.9%	20.8%	17.8%
Financial and/or retirement planning	-	2.2%	16.7%	42.4%	24.5%	11.2%

* Ranked by "Extremely Important"

11. How do you solicit employee feedback regarding benefit and organizational issues?
(Indicate all that apply)

Employee focus groups or small group meetings	41.0%
Employee surveys	58.7%
One-on-one interviews with managers	28.4%
We do not solicit feedback	23.6%

12. What role do managers play in helping you communicate the value of your employer value proposition?

Very significant role	18.3%
Significant role	34.2%
Moderate role	22.3%
Some role	10.8%
Very little role	10.8%
Not reported	3.6%
	100%

13. How frequently does your organization provide tools (talking points, presentations, email/letters) to help managers communicate your employer value proposition or value of your total rewards package?

Very often	1.8%
Often	15.8%
Sometimes	32.4%
Infrequently	33.5%
Not at all	13.3%
Not reported	3.2%
	100%

14. Does your organization provide employees with annual total compensation or total rewards statements?

Yes, online and print	5.0%
Yes, online only	3.2%
Yes, print only	20.1%
No, but we are considering it for the future	42.8%
No future plans to provide statements	26.6%
Not reported	2.2%
	100%

15. If you provide statements, which of the following outcomes are you able to measure?
 (Indicate all that apply)

Positive impact on employee retention	30.4%
Higher levels of employee engagement	31.6%
Increased employee savings activity or participation	15.2%
Increased participation in voluntary plans	20.3%
Increased understanding and appreciation of the financial contribution made by your organization towards total compensation	96.2%

HR OUTSOURCING

16. Which of the following administration functions does your organization currently outsource?
(Indicate all that apply)

Pension administration	65.2%
Benefits administration	52.5%
Absence management (Short Term Disability and/or Workers Compensation)	29.1%
Employee benefits call center	19.1%
Annual enrollment	9.9%
Profit sharing plan administration	5.7%
Recruitment selection and processing	19.1%

17. Which of the following reasons listed below were the most important leading to your outsourcing decision? (Indicate all that apply)

Access to expertise	76.1%
Focus on core competencies	23.2%
Focus on strategic issues rather than transactional business	23.2%
HR process redesign reengineering	4.3%
Improve service and quality	33.3%
Access to leading edge technology platforms	21.7%
Lack of internal technology support	15.2%
Reduce costs	21.7%
Shift from fixed costs to variable costs	4.3%

18. Which outcomes has your organization achieved? (Indicate all that apply)

Improved analytics	15.8%
Improved cost management	25.9%
Improved quality	40.3%
Improved service	49.6%
Increased ability to focus on strategic versus administrative functions	33.8%
None of the above	16.5%

19. Why are you not currently outsourcing any HR functions? (Indicate all that apply)

Not a priority at the moment	57.5%
Belief that savings will be limited	33.9%
Loss of operational control	37.8%
Loss of in-house expertise	36.2%
Excessive effort required	9.4%
HR activities are critical to your business success	36.2%
Can execute activities better than other vendors	29.9%
Your organization's HR needs are too unique for outsourcing	18.9%
Effect on employee morale and company culture	28.3%
Concerns over service disruption	21.3%

20. If you intend to outsource HR functions within the next 1-3 years, which of the following administration functions will your organization consider outsourcing? (Indicate all that apply)

Pension administration	7.2%
Benefits administration	4.5%
Absence management (Short Term Disability and Workers Compensation)	6.3%
Employee benefits call center	6.3%
Annual enrollment	0.9%
Profit sharing plan administration	0.9%
Recruitment selection and processing	9.0%
None of the above	77.5%

Benefits

21. If you have implemented a global strategy for your pension and benefit programs, what is your primary business objective?

Cost savings due to uncontrolled increases or budgetary requirements	15.8%
Compliance with accounting, regulatory, corporate-based standards	4.0%
Ability to direct the programs to align with business objectives and strategies	20.1%
Consistency of benefit packages and total rewards offered	34.2%
Not reported	26.3%
	100%

HEALTH & BENEFITS

22. What changes did you implement in 2007 or earlier; are implementing in 2008; or are planning to implement in the future to reduce costs or improve the quality of the coverages? (Indicate all that apply)

	2007 and earlier	2008	2009 or later
Flu shot program	44.0%	2.4%	5.2%
Introduction of Pay Direct or Differed Drug Card	41.6%	3.6%	8.4%
Search for more competitive insurer/claims administrator	38.4%	21.2%	18.0%
Introduction of or increases in Optional Life Insurance	32.4%	2.8%	4.8%
Promote exercise/physical activity	28.4%	6.8%	11.2%
Smoking cessation program	25.6%	3.6%	6.0%
Prescription drugs	24.4%	13.2%	12.0%
Claims management	24.4%	13.2%	11.6%
Disability management	22.8%	20.4%	14.8%
Eligibility – employees and dependents	20.4%	8.4%	10.8%
Convert from insured to self-insured	20.0%	2.4%	7.2%
Introduction of Voluntary AD&D Insurance	18.0%	0.8%	4.0%
Introduction of combined maximums for paramedical practitioners	17.6%	3.6%	6.4%
Increased employee contribution through plan design	16.8%	4.8%	14.4%
Introduction of per visit limits on paramedical practitioners	16.8%	1.6%	6.4%
Fixed employer contribution	15.6%	3.6%	8.4%
Introduction of mandatory generic substitution	14.8%	1.6%	10.4%
Change from Company paid to Employee paid LTD	14.4%	1.6%	6.0%

	2007 and earlier	2008	2009 or later
Reduction of benefits and introduction of a Health Care Spending Account	14.0%	4.0%	16.4%
Increased employee contribution through payroll deduction	12.4%	6.0%	10.0%
Introduction of a Critical Illness coverage	12.4%	2.8%	15.6%
Introduction of a fee and margin cap	12.0%	2.0%	6.4%
Introduction of controlled Formulary	12.0%	1.6%	9.2%
Moving from a traditional plan (no option) to a flexible plan	11.6%	3.6%	20.4%
On-site fitness centre	11.6%	0.8%	6.8%
Weight management/obesity program	10.4%	2.4%	10.0%
Introduction/increase in per prescription deductible	9.6%	2.0%	10.0%
Introduction of tiered reimbursement level	9.6%	1.2%	11.2%
Reduction of reimbursement levels	9.2%	2.8%	8.8%
Online lifestyle management programs	8.8%	3.6%	10.8%
Telephonic health care coaching	8.8%	1.2%	6.4%
Introduction of fixed/lagging dental fee guide	8.8%	0.4%	4.4%
Introduction/Increase plan deductibles	8.4%	2.8%	12.4%
Introduction of a Long-term Care coverage	8.4%	0.8%	8.4%
Introduction of Prior Authorization	8.4%	0.4%	6.0%
Health risk appraisals (HRAs)	7.6%	5.2%	12.8%
Biometric screening (e.g., cholesterol, blood sugar)	7.6%	2.0%	9.2%
Introduction of a lifetime maximum	7.2%	2.0%	6.8%
Change from Employee paid to Company paid LTD	7.2%	0.4%	7.2%
Decrease in amount of Company Paid Life Insurance	6.0%	2.4%	6.8%
Convert from self-insured to insured	4.8%	1.2%	4.0%
Offer incentives such as an increase in Health Care Spending Account for employees participating in company wellness initiatives	4.8%	2.0%	10.0%
Disease management (e.g., heart disease, diabetes, asthma, other)	4.0%	2.8%	12.0%
Measure program success/ROI (metrics)	4.0%	1.6%	10.0%
Reduction of benefit frequency maximums	3.6%	1.6%	0.8%

23. If you do not currently have an employee wellness program, which of the following factors has prevented your organization from implementing one?

Lack of documentation of the prevalence of lifestyle risk	2.5%
Competing business level priorities	25.2%
Lack of confidence that a wellness program will produce targeted savings	6.5%
Expected resistance from employees	0.4%
Lack of internal resources	25.5%
Not reported	39.6%
	100%

24. Please indicate the benefits you currently offer to retirees. (Indicate all that apply)

Group Life Insurance	28.0%
Paid Up Life Insurance	6.7%
Extended Health	35.0%
Dental	23.6%
Vision	17.3%
Health Care Spending Account	3.1%
None	58.7%

25. What changes have you implemented or are you looking to implement for your future retiree's coverage? (Indicate all that apply)

	2007 and earlier	2008	2009 or later
Reduce Retiree Life coverage	10.1%	6.3%	20.3%
Increased retiree contribution	10.1%	2.5%	29.1%
Eliminate Life insurance	7.6%	6.3%	21.5%
Eliminate retiree health and dental for future retirees	6.3%	7.6%	22.8%
Cost sharing based on Length of service	6.3%	2.5%	20.3%
Reduce retiree health and dental coverage levels	6.3%	1.3%	27.8%
Reduction/Elimination of benefits and introduction of a Health Care Spending Account	5.1%	3.8%	17.7%
Fixed employer contribution (dollar amount)	2.5%	3.8%	19.0%

26. What is your expected total annual per capita benefits cost by line of coverage? (Indicate all that apply)

	2007	Estimated 2008	What % is Company Paid
Basic Life and AD&D	\$282	\$281	86.7%
Dependent Life	\$26	\$27	85.6%
Short Term Disability (paid by Carrier)	\$460	\$514	92.9%
Long Term Disability	\$626	\$642	84.4%
Extended Health (including Drugs & Vision)	\$1 381	\$1 449	82.5%
Dental	\$796	\$826	82.6%
Health Spending Account	\$320	\$505	100.0%
Total per capita Cost Active Employees	\$3 245	\$3 391	76.1%
Retirees (All benefits combined)	\$1 966	\$2 084	88.9%

ABSENCE MANAGEMENT

27. As a percentage of payroll, what do you think the total direct cost of your absenteeism (excluding holidays) are for your organization?

1-2.9%	30.2%
3-4.9%	26.3%
5-6.9%	11.9%
7-8.9%	5.8%
>9%	4.7%
Not reported	21.6%
	100%

28. For your absence management programs, what practices have you implemented or intend to implement? (Indicate all that apply)

	2007 and earlier	2008	2009 or later
Formal return to work process for occupational and non-occupational absences	47.3	9.4	15.3
Improved tracking and evaluation for incidental absences	39.9	18.2	23.6
Integration of STD/LTD with Workers Compensation	32.5	1.5	4.4
Integration of STD/LTD/Workers Comp with Employee Assistance program	22.7	3.0	4.9
Integration with Performance Evaluation program	16.7	2.5	9.9
Absence and disability performance indicators included in Top management dashboard	13.8	2.5	16.7
Drug to Disability linkage to assess performance outcomes	5.9	3.9	10.3
Formal Occupational Health and Safety Program	—	—	—

29. For which of the following areas does your organization track current status/results and maintain specific benchmarks or targets through the use of a voluntary anonymous Health Risk Assessment Tool or Absence Management Data?

	Do you track?		Benchmarks?	
	Yes	No	Yes	Non
Employee Health Measures				
Tobacco usage	7.2%	91.5%	3.5%	89.5%
Obesity	4.7%	93.6%	3.5%	89.5%
Employees who exercise regularly	7.2%	90.6%	4.0%	89.5%
Biometric data (high cholesterol, high blood pressure, etc)	6.4%	92.3%	3.0%	89.5%
Participation in your corporate wellness/preventive activities	20.9%	78.7%	8.0%	85.0%
Employees with unscheduled absences, or sick leave	68.9%	30.2%	26.0%	72.5%
Measures of presenteeism	11.9%	84.7%	7.0%	86.5%
Participation in your corporate disease management program	1.7%	93.6%	1.0%	92.0%
Employees with chronic conditions	9.4%	86.0%	2.0%	88.5%
Disability costs of chronic conditions	14.9%	80.9%	5.5%	88.5%
Absence costs of chronic conditions	10.2%	85.5%	5.5%	87.5%

30. Who manages your Non-occupational Short Term Disability Absences?

Internal department	54.0%
Carrier who provides STD program	21.6%
Carrier that provides your LTD program	7.9%
Independent disability management firm	4.7%
Not reported	11.9%
	100%

31. How long do you extend Medical and Dental benefits to disabled employees in receipt of LTD payments?

Up to 2 years	26.3%
Up to 5 years	1.8%
To age 65	55.0%
No extension	4.7%
Not reported	11.9%
	100%

RETIREMENT

32. What type of retirement plans does your organization currently offer? (Indicate all that apply)

Defined benefit plan	43.0%
Registered Defined contribution plan	36.3%
Group Registered Retirement Savings Plan	49.0%
Deferred Profit Sharing Plan	10.0%
Profit Sharing Plan	4.4%
Hybrid (DB and DC)	3.2%
Employee stock purchase plan	10.8%
Executive nonqualified benefit plans	15.9%
Tax Deferred Savings Account (not a retirement plan)	12.7%
None	9.6%

33. If your organization offers a Group RRSP or DC plan, what percentage of eligible employees are enrolled in the plan?

75-100%	46.8%
50-74%	13.5%
25-49%	8.6%
Less than 25%	8.6%
Do not sponsor a Group RRSP Plan	13.1%
Not reported	9.5%
	100%

34. What reasons do you attribute to employees not participating? (Indicate all that apply)

Not aware of plan	14.7%
Can't afford it	61.2%
Don't understand how to enroll	15.5%
Don't know how to select investment options	28.4%
No company match	14.7%

35. What is the method of calculating your employer contribution?

Employer contribution for all employees	18.5%
Employer matching the contribution for employees who participate	37.4%
Combination of employer required and matching contribution	19.8%
No employer contribution	6.3%
Other	4.5%
Not reported	13.5%
	100%

36. If you have a matching contribution, indicate at which level the employer matches the employee contribution.

100%	48.2%
75%	2.7%
50%	11.7%
25%	2.3%
Less than 25%	4.5%
Not reported	30.6%
	100%

37. What is your maximum employer match?

<2%	7.2%
3%	16.2%
4%	7.2%
5%	20.7%
6%	8.6%
>6%	12.6%
Not reported	27.5%
	100%

38. Are you planning on increasing, decreasing or keeping the same amount of employer cost related to your DC retirement plans?

Increase the employer contribution level (DC Plans)	7.2%
Decrease the employer contribution level	1.8%
Keep the contributions the same but change other aspects of the plan	14.9%
N/A, we currently have no plans to change the benefits	56.3%
Not reported	19.8%
	100%

39. In your opinion, to what extent do employees in your organization understand how to invest their defined contribution or Group RRSP or DC plan assets?

Very great extent	1.4%
Great extent	10.4%
Some extent	50.5%
Little extent	12.6%
Very little extent	5.4%
Not reported	19.8%
	100%

40. Do you offer investment advice to plan members?

Yes	33.8%
No	50.9%
Not reported	15.3%
	100%

41. How many investment options does your plan offer?

1-9	27.0%
10-14	18.9%
15-18	9.5%
19 or above	19.8%
Not reported	24.8%
	100%

42. What is your default investment fund?

Asset allocation fund	7.7%
A target date retirement fund	5.9%
A fixed income fund	6.3%
A balanced fund	27.0%
Money Market fund	18.9%
Not reported	34.2%
	100%

43. Do you offer Target Date Funds?

Yes	13.5%
No	59.9%
Not reported	26.6%
	100%

44. Does your employer direct the investment of any contributions?

Yes	7.2%
No	71.6%
Not reported	21.2%
	100%

45. If you offer personalized web-based retirement planning tools, what percentage of your participants would you estimate used them in the past year?

Between 75% and 100%	0.9%
Between 50% and 74%	5.0%
Between 25% and 49%	16.2%
Less than 25%	27.9%
We do not offer personalized web-based retirement planning tools	27.0%
Not reported	23.0%
	100%

46. Rank the following factors that you consider important in the delivery of services to plan members.

Member decision-making tools	38.6%
Competitive fees	28.3%
Enhanced participant website and/or phone support	16.9%
Flexible approach to investment funds	10.2%

DEFINED BENEFIT PLANS

47. Would your organization consider offering a registered defined benefit pension plan if:

The cost of the program was predictable each year	1.1%
Senior management's benefit would not be limited by the regulatory limits	—
No, we would not consider it	2.5%
We already offer a defined benefit pension plan	33.5%
Not reported	62.9%
	100%

48. If you offer a defined benefit plan, what type of plan do you offer? (Indicate all that apply)

Traditional final average pay plan	75.0%
Traditional career average pay plan	17.2%
Traditional flat dollar plan	2.6%

49. If you have made significant changes to your defined benefit plan design in the past two years, what changes did you make? (Indicate all that apply)

Froze benefits	3.4%
No longer allow new entrants	13.8%
Decreased the level of benefits	2.6%
Changed from a final average pay plan to a career average plan	—
No significant changes in the past two years	68.1%

50. If you are considering a significant change to your defined benefit plan in the next two years, what is the primary reason?

Level of cost	8.6%
Volatility of cost	8.6%
Lack of employee appreciation	0.9%
Other reason	10.3%
Not reported	71.6%
	100%

51. If you are planning to make significant changes to your defined benefit plan in the future, what changes are you considering? (Indicate all that apply)

Freeze benefits	1.7%
No longer allow new entrants	6.0%
Provide the same type of plan, but decrease the level of benefits	6.0%
Change from a final average pay plan to a career average plan	0.9%
No, we will not make any significant changes	60.3%

INVESTMENT, GOVERNANCE AND SERP

52. What changes are you considering for your defined benefit plan's investments? (Indicate all that apply)

We are considering changes to address potential future volatility	8.3%
We have decided to change our equity concentration	4.9%
We have decided to change the duration of our bonds to more closely match our liabilities	6.3%
We have moved to an interest rate hedging strategy	1.0%
We have added new asset classes to increase diversification	5.8%
We continue to monitor our assets and liabilities	18.0%
We are not considering any changes to our investment strategy	32.5%
N/A, we do not offer a defined benefit plan	47.6%

53. What is your current bond investment benchmarked against?

A broad market index such as DEX Universe (Duration of 6yrs)	14.0%
A longer duration benchmark such as DEX Long (Duration of 12 yrs)	4.7%
Benchmarked to our actual pension liabilities	6.5%
Other	22.7%
Not reported	52.2%
	100%

54. Which of the following governance practices do you follow?

Formally appointed committee that oversees the investments regularly	36.0%
Full independent review of fees and expenses	7.9%
Clear separation of the plan Fiduciary and plan Sponsor functions	14.0%
Not reported	42.1%
	100%

55. Are you compliant with the CAP Guidelines in managing your DC or Group RRSP Plans?

Yes	43.2%
No	3.2%
Don't know	41.4%
Not reported	12.6%
	100%

56. What is the nature of any supplemental arrangement (SERP)?

Defined Benefit plan	20.5%
Defined contribution plan	5.4%
Other	2.2%
Not applicable	45.0%
Not reported	27.0%
	100%

57. How do you provide security of SERP benefits for members?

No security	15.5%
Full pre-funding	6.5%
Partial funding	3.6%
Letter of intent	3.6%
Other	12.2%
Not reported	58.6%
	100%



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