

ORPP will deliver a serious dose of pension awareness

[Susan Deller](#) | January 26, 2016



No matter which position you take on the [Ontario Retirement Pension Plan \(ORPP\)](#), one thing is certain: its introduction offers a unique opportunity to engage and educate Ontario employers and employees on the issue of retirement income adequacy. In other words, *how much is enough?*

When it comes to the ORPP, employers and employees fall into one of three basic categories:

- those that provide a workplace pension plan considered comparable to the ORPP;
- those that provide a pension or savings plan that isn't comparable;
- and everyone else (the vast majority).

Whichever category you fit into, there's a pretty good chance you'll end up learning a thing or two about what it takes to achieve a secure retirement income.

For some plan sponsors, the process of assessing whether their plan is comparable will come as an eye opener—especially if their plan doesn't make the grade, in which case, making an informed decision about what to do next will be an education in itself.

Plan sponsors with current offerings that don't pass the comparability test will have to choose between changing their current arrangement and participating in the ORPP. This will require a clear understanding of business and people objectives, including where retirement benefits fit in within a broader benefits or total rewards philosophy.

It will also require a thorough grasp of the cost of the options available, as well as the impact each might have on employee engagement and workforce planning, not to mention governance and administrative requirements. Forward-thinking plan sponsors might want to involve their employees in the decision-making process. This will help to ensure buy-in for the decision, while helping to improve employees' retirement literacy along the way.

Whether or not your organization involves employees in the decision, the outcome will need to be communicated effectively. If you're changing your plan to make it comparable, you'll want to leverage this investment in your employees' future—and make sure they understand and appreciate the value of their new plan. If you're joining the ORPP, you'll want to make sure your employees understand the retirement benefit you'll be helping to provide them.

Of course, if your plan is *already* comparable, you've just been handed a huge opportunity to shine a spotlight on what you have—and to celebrate it!

For the majority of Ontarians who will be required to join the ORPP because they aren't part of a comparable workplace pension plan, the launch presents a rare opportunity for meaningful discussion and education around the Canadian retirement system—and the role of both government-sponsored plans and personal savings in achieving retirement income security.

If handled well, the introduction of the ORPP will not only improve retirement outcomes for Ontario workers, it will also boost their financial literacy. The challenge, of course, is that in a world of information overload and limited attention spans, there is a very small window of opportunity to connect with them and deliver this education. To succeed, the Ontario government and employers across the province will need to work together to develop messaging that is simple, clear and compelling.

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