

Customer-oriented Services and Information:  
Enhancing Public Pension Awareness in Canada and  
Why it Matters

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# I. Why is Pension Information Becoming So Important to Canadians

## *Economic crisis has put pensions in the media*

Pensions are now a hot topic. The recent economic downturn has placed pensions on the front pages of the Canadian newspapers. People are becoming concerned with the adequacy of their retirement savings, both in terms of private savings and for those workers who have them, the sustainability of their workplace pensions. Although markets have to a large extent recuperated, market turbulence has served for many as a wake-up call to the importance of careful retirement planning. Near retirees are particularly hard hit and have much less options. While the recent economic conditions have created a need for information, there are other important reasons why Canadians appear to be in need of relevant and timely information on pensions.

## *Demographic factors*

Like many other countries, Canada is experiencing demographic changes. Our population is aging and the proportion of seniors is increasing (Table 1). The first wave of baby boomers will turn 65 in 2010. At the same time, the number of Canadians aged 55 to 64 — those most likely to be thinking about retirement — jumped by 28 per cent in the past five years to 3.7 million.<sup>1</sup> Canadians are also living longer, with an average of 80.8 years at birth (83 for females and 78.4 for males).<sup>2</sup> This means that Canadians are spending more years in retirement and people could be at risk of outliving their savings.

Table 1. Percentage of Population Aged 65 and Older in G8 Countries (2006)<sup>3</sup>

Country	65 Years and Over (%)
Japan	20.8
Italy	19.7
Germany	19.3
France	16.2
U.K.	16.0
Canada	13.7
Russia	13.7
U.S.	12.4

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<sup>1</sup> Statistics Canada, 2006 Census: Portrait of the Canadian Population in 2006, by Age and Sex: Findings, By Laurent Martel and Éric Caron Malenfant, Demography Division.

<sup>2</sup> Statistics Canada, CANSIM Table 102-0511; 2006 data

<sup>3</sup> Statistics Canada, <http://www12.statcan.ca/census-recensement/2006/as-sa/97-551/figures/c4-eng.cfm>.

## ***The Retirement Income System Design in Canada***

Canada's Retirement Income System (RIS) is designed to fulfill two different but related objectives: to reduce the incidence of low-income in old age, and to allow seniors to maintain a certain living standard in retirement. Canada's retirement income system is often described as having three pillars. Pillar 1, the Old Age Security (OAS) is a universal, non-contributory scheme, which is supplemented by an income-tested benefit, the Guaranteed Income Supplement (GIS). The first pillar has been remarkably successful in reducing the poverty rate amongst seniors from over 20% in the 1980s to currently less than 5%. Pillar 2 is a mandatory contributory scheme, called the Canada Pension Plan (CPP), which is a defined benefit plan. Together, these two pillars form the public pension system and are designed to replace up to 40 percent of average pre-retirement income.

Canadians are expected to replace a greater share of their income in retirement through the accumulation of their own private savings or private pension plans. This is the function of Pillar 3, which consists of private savings focused on earnings replacement. It includes savings in employer-sponsored, registered pension plans (RPPs) and deferred profit sharing plans (DPSPs), and individual savings in registered retirement savings plans (RRSPs). Federal and provincial/territorial governments in Canada regulate registered plans and provide favourable tax treatment to encourage their use.

It is the third pillar that has been the focus of media attention of late. The composition of the workplace pensions has been changing in Canada. Between 1991 and 2004, the number of paid workers covered by a registered pension plan declined from 45.3% to 39%. At the same time, the proportion of workers covered by defined benefit pension plans is declining.<sup>4</sup> The decline of defined benefit plans has been much more significant in the private sector. The economic crisis has also contributed to the erosion of individuals' nest eggs and thus concern for their future.

While the third pillar faces a number of challenges at the moment, this paper focuses on customer services and information with respect to the first two pillars.

### ***Recent Changes to the Canada Pension Plan***

Stewardship of the CPP is shared between the federal government and the provinces. Amendments to the Plan require the ratification of two thirds of Canada's ten provinces representing at least two-thirds of the population. A review of the CPP, including its financial sustainability, is conducted every three years. This Triennial Review is led by Federal and Provincial Ministers of Finance. In this most recent review, important changes were considered and agreed to by the Ministers of Finance. One has to do with the actuarial adjustment factors for early and late retirement so that those who receive their pensions as early as age

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<sup>4</sup> BMO Retirement Institute. *Connecting Insights*. Issue 1, April 2008

60 do not benefit more from the CPP as compared to those who take the benefit at age 65 or as late as age 70. A second reform eliminates the requirement to cease work to obtain a retirement pension. A third reform allows working beneficiaries to continue to pay contributions while in receipt of a CPP pension and in doing so, accruing more retirement benefits.

There is clearly a strong element of choice and flexibility involved in the timing of receipt of one's retirement pension. These reforms to the CPP mean that these changes must be clearly communicated to ensure Canadians make informed decisions about their CPP and related decisions to retire or continue working.

## **2. Key Challenges in Canada**

It is important to note that all aspects of the RIS are interrelated and its challenges are not independent and discrete issues. Consequently, the responses to these challenges often target more than one area. For example, raising awareness of public pensions will impact the take-up rate and conversely resources spent on encouraging take-up will have the benefit of raising awareness of public pensions.

### ***Lack of Knowledge of Public Pensions***

In many countries, pensions are poorly understood, probably less understood than other financial products or issues. There is a lack of financial knowledge and understanding related to pensions.<sup>5</sup> In Canada, there is some evidence to suggest that lower levels of financial literacy are higher among those with lower income and education as well as among youth and newcomers to the country.<sup>6</sup> These findings seem to be similar to findings in other countries.

In terms of the Canadian public pension system, a 2007 study found that 19% of respondents who were non-retired 45-59 year olds responded that they understood the programs very well, 55% mentioned they understand them somewhat, and 25% said they do not understand them at all.<sup>7</sup> The study also found that pension knowledge is significantly lower among immigrants.<sup>8</sup> As mentioned before, it is particularly important for Canadians to have a sense of what their public pension entitlements will be as these benefits are only part of a larger retirement income system, designed to replace up to 40% of the average

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<sup>5</sup> Agurria, A. (2008). "The Increasing Importance of Financial Education". Remarks at the Conference on Financial Awareness", Presentation to the Hungarian Central Bank. Rinaldi (A. (2008), "Financial Education and Pensions", Presentation to the International Conference on Financial Education, Washington, D.C.

<sup>6</sup> SEDI (2004). *Financial Capability and Poverty*. Discussion Paper prepared for the Policy Research Initiative.

<sup>7</sup> Schellenberg, Grant and Yuri Ostrovsky. 2007. General Social Survey Report: The Retirement Puzzle: Sorting the Pieces

<sup>8</sup> In 2006, immigrants constituted 19.6 percent of the total population.

wage. For middle income Canadians, workplace pensions or personal savings are a critical component of a comfortable retirement.

### ***Inadequate Retirement Planning***

Awareness of the public pension benefits a person will receive upon retirement is a cornerstone of proper financial planning. The information that a person requires differs according to their situation. For example, a low-income individual is likely to benefit from the means-tested income supplement in Canada and would not generally benefit from tax-sheltering their money and may choose to save money in a different manner.

According to a 2007 study by the Canadian Institute of Actuaries, only about one-third of Canadian households are currently saving at levels that will generate sufficient income to cover their non-discretionary expenses in retirement. A national investment literacy test found that two thirds of Canadians are functionally illiterate in terms of investment knowledge, while other studies found that only one of five Canadians are confident in their own knowledge and abilities.<sup>9</sup> Further, approximately 11 million Canadian workers have no access to a workplace pension plan at all.<sup>10</sup>

### ***Take Up of Public Pensions among Certain Groups***

Alongside the need to improve pension knowledge and understanding is ensuring that individuals eligible for pensions actually take up those benefits. Previous outreach efforts have increased awareness of public pensions and helped many seniors receive benefits to which they are eligible. However, there is still a need to increase take up of benefits. There is a need to continue efforts to make Canadians aware of the benefits that public pensions provide. For example, in January 2008, CPP retirement applications were mailed to thousands of clients aged 70 and over who were eligible for CPP but had not made an application for retirement benefits. By March 2009, 24% had responded to the request. In 2009, GIS Take-up Mailings were sent to potential recipients of the GIS (single seniors and seniors married to OAS pensioners). As of November 2009, 46.4% of single seniors and 58.5% of seniors married to OAS pensioners responded and were subsequently granted a GIS benefit. There is a need, however, to integrate the service delivery channels to ensure an appropriate follow-up to such mailing campaigns.

As with many other countries, barriers may prevent people from applying for benefits to which they are entitled. Administrative barriers, such as ineffective

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<sup>9</sup> Chevreau, Johnathan. 2002. "Investors Know Less than They Think: Two Thirds of 4,000 Canadians Flunk Financial Literacy Test." *National Post*, September 19

<sup>10</sup> Denison, David. 2009. The Canadian Model: Moving from Sustainability to Sufficiency. Presented at the 16<sup>th</sup> Annual International Conference of Social Security Actuaries and Statisticians September 16, 2009 Ottawa, Canada

information on programs and complex claim forms may hinder access to information and benefits.

Barriers that reside within the target population, which may affect the take-up of benefits and information access include low literacy, homelessness, mental illness and physical disabilities.

### **3. Dealing with the Challenges**

#### ***Improving Communications***

A recent review of how we communicate to Canadians on public pension programs has identified gaps and inconsistencies.

#### **Language and Messaging**

The materials reviewed were, to a large extent, based on generic questions and answers to explain the Canadian public pension system. The approach over the last ten years has been relatively basic and aimed at reaching out to seniors and near retirees. As part of the department's initiative to broaden its audiences, publications could be better targeted to speak directly to specific audiences, particularly with regards to the importance of retirement planning.

#### **Consistency and Relevance**

Frequent changes to the public pension organization can destabilize people's perceptions of the public pension system (Whitehouse, 2000, p. 17-18) and if information becomes outdated, having obsolete publications in circulation can lead to misinformation, and potentially, to public insecurity and mistrust of the pension system as a whole (Whitehouse, 2000, p. 25).<sup>11</sup> Over the past several years, there have been changes to the organizational structure of HRSDC (the federal department responsible for the administration of Canada's public pension plans), including name changes. This is confusing for the public. It was suggested that HRSDC work with its government partners to establish a common look and feel for its public pension communications. Establishing consistency and relevance of information in products about public pensions will be an important factor for increasing awareness.

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<sup>11</sup> Whitehouse, E. (2000). "Pension reform, financial literacy and public information: a case study of the United Kingdom." Social Protection Unit, Human Development Network, The World Bank. Available online: <http://mpira.ub.uni-muenchen.de/10323>

## **Upcoming Communication Plans and Tools**

HRSDC is preparing for extensive updates to communications materials in accordance with the changes put forward in the upcoming legislative changes to the CPP mentioned earlier. In addition to these anticipated operational updates, we are also proposing that funding be made available to improve Canadian awareness of their public pensions and the important role those pensions have in the retirement income system.

The first step is to establish a benchmark to assess Canadians' current level of knowledge and understanding of public pensions. Building on that foundation, we will develop an overarching communications and marketing strategy, online tools and targeted mailings in documents, such as annual tax forms sent to all working Canadians. Through these communications approaches, we will provide consistent key messages designed to educate target audiences and reframe views on public pensions and the retirement income system.

Obviously, financial planning for retirement has to be carried out over the full cycle of a work career. Creating awareness of these concepts before an individual enters the workforce can positively influence the next generation of seniors for a successful retirement. The introduction of an educational component within the Canadian high school education curriculum to promote awareness and understanding of the value of pension planning, in general, and the Canada Pension Plan, in particular, is one way of targeting the next generation of seniors.

Such a curriculum component was developed, tested and evaluated in the province of Nova Scotia. The component, entitled "The CPP - What's it got to do with me?" provided students with an introduction to CPP programs in a retirement planning context while outlining pertinent benefits which might affect an individual during their working life. In 2007, HRSDC secured a formal partnership with the Department of Education in the province of Newfoundland-and-Labrador, to roll-out the module in schools throughout that province. The module has since become a component of the career and life management mandatory high school level course. We are examining ways to expand the curriculum to be used in other provinces.

## ***The Evolution of Outreach Activities***

### **Partnership and Engagement**

The Outreach function was created in the early 1990's as an extension of communications services. At the time, its stated goal was to reach out to citizens to increase awareness of CPP. Over time, outreach has evolved to emphasize partnerships and expanded to include the Old Age Security Program.

A 2002 evaluation noted that past outreach efforts dedicated a significant share of the resources to direct service to individual Canadians, however, these activities were not as efficient as other approaches that leverage resources, networks and partnerships in raising Canadians' level of awareness of the income security system. The Outreach function evolved to include raising awareness and knowledge of CPP and OAS among current and future clients of the programs, improve Canadians' understanding of the role of the programs within the overall retirement planning and income security as well as working with partners to increase the proportion of people who receive the benefits to which they are entitled.

In terms of community involvement, HRSDC engaged other government departments, provincial and municipal governments and service providers to identify opportunities for partnership to increase the take up of the GIS. After a great deal of analysis and research, four priority population groups were identified as requiring particular attention: Aboriginal seniors, immigrant seniors, homeless and near-homeless seniors and seniors with disabilities.

Strategically, partnerships with the voluntary sector and "first-point-of-contact" service providers are the vehicle of choice within the public sector. Success with these kinds of partnership is based on the partners having more direct access to, and perhaps greater credibility with the target population groups.

### **Citizen-Centric Service Delivery**

Since the creation of Service Canada in 2005, under the umbrella of HRSDC, outreach activities have further evolved. Service Canada is a one-stop, multi-channel and, in limited instances, a multi-jurisdictional initiative, whose objective is to deliver seamless citizen-centered service by bringing together a wide range of government programs and services from across federal departments and other levels of government to provide integrated, easy to access, personalized service. Service Canada's mandate is to improve citizen-centred service by working with HRSDC and other federal departments and agencies, government and community partners to satisfy the needs of individual Canadians, whether in person, by phone, by mail or via the Internet.

Prior to this, the approach had been that several departments, each with its own programs and delivery channels, were responsible for their own service delivery. By consolidating service delivery and adopting a citizen-focused approach, strategies have been developed to reduce gaps and overlaps in service for Canadians.

By having staff trained on a variety of benefits and services, they are better equipped to provide information to clients. This "bundling of services" and "one stop shopping" are becoming important tools for effective, proactive government communication and can assist in overcoming the challenges of poor knowledge and take-up of pensions. In order to more effectively bundle services and provide clients with information on all services and benefits to which they may be

entitled, Service Canada is working on a project to map out services that are provided by all levels of government. This is particularly important as eligibility to the income-tested GIS may be used by another level of government to trigger ancillary benefits.

## **Measuring Client Satisfaction**

An Office for Client Satisfaction (OCS) was created to review and act on suggestions and complaints pertaining to the delivery of Service Canada benefits and services. The OCS acknowledges receipt of feedback within 24 hours and will close the file with the client within 7 working days. Where the seven-day timeframe cannot be met, clients are notified and kept informed on a regular basis regarding the status of their feedback and when they can expect a full response.

Canada is also working towards integrating client satisfaction information from all sources, including websites, call centres and the OCS. This information can then be used to measure progress towards resolving issues.

## ***Examples of Partnering Projects***

By partnering with other levels of government, community services and groups, Service Canada can more effectively deliver information. There are four priority population groups identified as requiring attention through outreach activities: Aboriginal seniors, immigrant seniors, homeless and near-homeless seniors, and seniors with disabilities.

## **Immigrant Communities**

HRSDC has established partnerships and developed customized information products based on International Social Security Agreements. For example, in 2008-2009, information sessions were jointly led with the Japanese government and embassy representatives in three Canadian cities. Hundreds of Canadian and Japanese seniors and near-seniors attended these sessions. This process was most recently replicated with the Polish agreements that came into force in the fall of 2009.

## **Homeless and Near Homeless**

A pilot project, in collaboration with the City of Ottawa, was developed to target the homeless and near-homeless population. A simplified guide to information on CPP and OAS benefits was developed and training sessions were led to inform municipal staff, volunteers and community service providers working directly with homeless and near-homeless people.

## **Persons with Disabilities**

A partnership between Service Canada, a federal initiative, and the Province of Ontario has resulted in Service Canada Ontario Region and the Ontario Disability Support Program (ODSP), Toronto Region, participating in an ongoing pilot to bundle information about Canada Pension Plan Disability benefits and ODSP benefits in the Service Canada Centres (Toronto East/West) and the ODSP Toronto Regional Offices. In this way, people with disabilities who visit the Service Canada Centres and the Ontario Disability Support Program Income Support offices can get information about both services in either location.

An example of a recent innovation was in the province of Newfoundland-and-Labrador. Fifteen Service Canada Centres were provided with Assistive Technologies for Deaf and hard of hearing clients. As well, a telephone interpretation service is being tested in selected Service Canada sites across Canada with the aim of improving access to programs and service for people who do not speak English or French.

## ***Simplifying the Application Process***

Stakeholders have often criticized the application process for the Old Age Security and Guaranteed Income Supplement. Why is it that they cannot just receive their benefit upon turning 65?

The reason is that eligibility for income-tested benefits, such as the GIS, is based on several factors, which, for example, include not only income, but also residence. While income information may be readily accessible through the Canada Revenue Agency (CRA), for many clients, up-to-date information on the other eligibility factors, such as marital status, residence and legal status in Canada are not available on tax returns. An initial application is thus necessary to determine eligibility for the GIS. Since the GIS is income tested annually, payments may increase or decrease according to changes in the recipient's annual income and marital status. Up to recently, an annual application was required for this income-tested supplement.

Legislation passed in May 2007 now allows for the automatic renewal of benefits for those who have received the GIS in the past. Prior to 2007, people who have lost the GIS benefit may have been at risk of not taking up the benefit again if their income subsequently decreases, as they may not remember to reapply, or even know that they are eligible once again. Now, if their yearly income decreases to the point where they are again eligible, they will automatically receive their GIS. The new process ensures that people who have received GIS in the past remain "in the system" so long as they file a tax return.

Service Canada also mails out pre-filled applications for CPP and OAS. Based on information related to their CPP contributions, we are able to identify Canadians reaching the age of 64 and mail them an application package for OAS and/or CPP, as appropriate. Notice of entitlement letters are sent to new recipients of OAS or CPP benefits. These letters cross reference other benefits which may be of interest, and provide information on how to contact Service Canada.

Our objective is to automate entirely the application process for the universal benefit in the future. For this to happen, we will have to find ways to tap into information databases containing information on residence. This will raise important privacy issues that will have to be resolved. However, the potential benefits are very important, not only for the client, but also to efficiently manage the upcoming large increase in work volume that is associated with an aging population.

A person cannot automatically receive CPP benefits due to the flexible nature of the scheme: the benefit can be received anytime after 60. Since the timing of the decision affects the amount of pension they will receive, we will need to ensure that people have the tools available to make informed choices.

### **CPP Statement of Contribution**

Service Canada does a mass mailing regarding the CPP, Canada's contributory pension scheme. The annual Statement of Contributions (SOC) mailing is one of the largest direct mailings conducted by the Government of Canada. These mailings of the SOC started when the CPP began in 1966, but at that time, individuals had to request for a copy of their statement of contributions. In 1985, Canada started sending out the SOC proactively on a five year cycle. Statements are sent to people nearing retirement age. Included along with the SOC is a letter which provides important information regarding CPP, OAS, GIS and Foreign Benefits. Each accompanying letter is tailored to include information relevant to each specific age segment of the population selected for the mass mailing.

In March 2003, an evaluation showed that more than 75% of clients kept their SOC. In addition, the evaluation found that 81% verify their personal information, earnings and contributions. Finally, the documents in the mailing received high marks in terms of clarity and importance. The SOC appears to be effective in reaching people and is considered important enough for a majority of clients to keep.

The SOC is a key tool as it provides a person with information on the accrual of their benefit. It also provides the recipient with the opportunity to detect and correct any mistakes that may have occurred.

## **Pension Calculator**

There is a Canada Retirement Income Calculator available on the internet to help Canadians plan for retirement. The calculator, however, requires the user to populate fields with data from a variety of sources, including information from their SOC, their employer pension plan and any other savings that could be used in retirement. A fair amount of time and preparation is required in order to use the calculator in its current form. The calculator does not allow for calculations to be made for married or common-law partners and each person would have to calculate their own to gain a complete picture.

The Department is working on ways to improve the calculator in order to make it more user-friendly and to up-date it with regards to the changes that will be made to the CPP. For one, updates to technology that will allow clients to have the calculator pre-populated from a variety of source. The information required to pre-populate the calculator must be collected from other government department databases. This will raise policy challenges since current Canadian privacy legislation does not allow information collected to be used for purposes other than what they were originally intended for. Another important update is the calculation of a new CPP benefit that people will be entitled to if they continue to contribute to the pension system after drawing a retirement benefit.

## **4. Future Challenges**

### ***Operational Challenges***

Outreach and service delivery are constantly evolving processes that must adapt to societal changes. An aging population, changing immigrant source countries, increasing populations with disabilities are examples of challenges that require service delivery to adapt.

### **Ensuring Consistent and Relevant Communication**

Both HRSDC and Service Canada are large organizations and both, therefore, are subject to the challenges that come with size. As stated above, feedback from review of communications on public pensions indicated that there is a need for consistency in government products in terms of both look and messaging to ensure that Canadians maintain confidence in both their pensions system and the government's ability to provide up-to-date information that they can rely on.

Consistency is also important in terms of the look of Service Canada offices nationwide, websites and the way that information and services are presented to clients. In order to ensure consistency in service deliver, Service Canada invests

heavily in the training of their service delivery staff. This training is now done in its very own Service Canada College, with a custom-designed curriculum.

## **Increasing Demand for Services and Workload Changes**

As a result of changing demographics, changes in the application process and advances in technology, it is expected that there will be a higher demand on human resources required.

We are working towards creating a system that would allow more people to apply on-line. We are developing an application that would allow individuals to apply for both GIS and OAS at the same time, thus simplifying the process for clients and staff. These changes will reduce the time required to process an application, thus allowing us to meet the increased workload. At the same time, it will require us to look at how we can use existing data in a more creative way to make the system more user-friendly.

## **Ensuring a Citizen-centered Approach**

We also need to better integrate the different channels of communication to citizens (by phone, by mail, via the Internet, or in person). There has to be a convergence of these communication activities to improve services to citizens, increase take up of benefits and improve the integrity of the system as a whole. For example, we could follow up on those who have not responded to the CPP retirement applications that were mailed to individuals aged 70 and over who were potentially eligible for CPP retirement benefits.

## **More Automated and Integrated Information**

Canada is a federal state with 10 provinces and 3 territories. There are areas of exclusive jurisdiction for each level of government and there are jointly managed programs. For example, the Federal Government has the responsibility for the Old Age Security benefits and the Employment Insurance program. Some programs are jointly managed by the federal government and the provinces, such as the CPP. Provincial governments have jurisdictions over the provision of basic social services, such as health, education and welfare.

There is an opportunity for the provinces and the federal government to enhance the level of services to citizens through more automated and integrated sharing of information. It would allow for increased ability to tailor communications to citizens to life circumstances and potentially increase the take up of OAS and CPP benefits. For example, birth and death records from the provinces would allow Service Canada to more effectively bundle services and provide clients with information on all services and benefits to which they may be entitled. Finally, this exchange of information improves the management and implementation of pension programs and improves the integrity of the system.

## **Instituting Effective Evaluation**

Outputs and outcomes need to be evaluated to lend critical information for improving outreach and service delivery. However, effective evaluation requires well-designed tools that can track the performance of inter-related and multi-stakeholder outreach activities, including tools that can assess the extent to which awareness raising initiatives are translated into a concrete change in behaviour.

## ***Financial Literacy***

### **Understanding Behavioural Factors**

Researchers, using theories from the field of behavioural economics, have demonstrated that even with knowledge and skills, individuals do not always act as rational beings when making financial decision due to behavioural factors such as procrastination, choice overload, framing, myopia, and over confidence.<sup>12</sup> In addition, as experienced in other countries, there is a limit to how much people can understand complex financial information.

It has been suggested that behavioural factors be taken into consideration when planning pension reform and efforts to raise financial literacy. This is an area where more research needs to be done in order to determine how our institutions can work around some of the factors that interfere with savings behaviour. Just as quitting smoking campaigns based on providing health information were not as successful as changing people's attitudes towards smoking, it is necessary to find out what makes people change their attitudes and behaviour towards saving for the future.

### **National Strategy**

A Task Force on Financial Literacy was created by the federal government in June 2009 to recommend a national strategy for strengthening financial literacy in Canada. Comprised of 13 members drawn from the business and education sectors, community organizations and academia, the Task Force will be conducting consultations across the country in the spring of 2010 in order to develop its recommendations.

The Task Force on Financial Literacy will provide advice and recommendations to the Minister of Finance on a national strategy to strengthen the financial literacy of Canadians. The strategy will outline a focused, concrete plan of action to strengthen the financial literacy of various groups of the population and

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<sup>12</sup> For more information see: Tapia and Yermo (2007) "Implications of Behavioural Economics for Mandatory Individual Account Pension Systems", *OECD Working Papers on Insurance and Private Pensions*, No. 11, OECD Publishing and Barr, Nicholas and Diamond, Peter (2008) *Reforming Pensions*, Social Security Review

provide a framework for collaboration among all stakeholders, including governmental organizations at every level, that would maximize financial literacy efforts and limit duplication.

The Task Force will draw on global best practices and build on the strengths of successful initiatives already in place in Canada. It will release a consultation document, and submit a final report in the fall of 2010 that recommends a national strategy on financial literacy.

HRSDC will incorporate the findings and suggestions of the Task Force into their pension materials and outreach.

## **5. Conclusion**

Evidence suggests that the level of public pension knowledge and retirement planning among Canadians is inadequate. Take up of public pensions among certain groups can also be further improved. Reaching out effectively to Canadians on public pensions would enhance citizens' ability to make better informed choices about their retirement. This requires a better integration of data sources, user-friendly web-based tools and consistent messaging across a range of channels and partners. Pension knowledge can be improved through financial literacy initiatives, however, saving for retirement always involves postponing consumption – not an easy “sell” particularly to the younger cohorts. This points to the importance of doing more evidence-based research in the area of behavioural economics.