

Canadian Group Retirement Study

April 18, 2023



2022 Insights Partner Report

Below is the Insights Partner Report for participating Consultants and Brokers. **Please scroll down to view more.**



About NMG and the Study



NMG Consulting

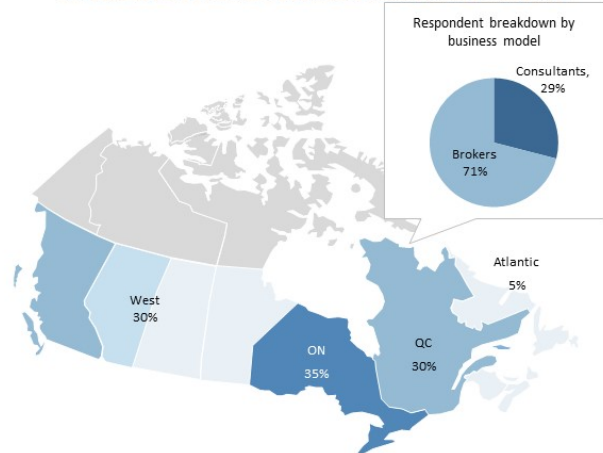
- ▶ NMG Consulting is a specialist multi-national consulting firm focused on insurance and investments
- ▶ Founded in 1992, NMG Consulting has established primary hubs in Toronto, New York, London, Singapore and Sydney



Study Overview

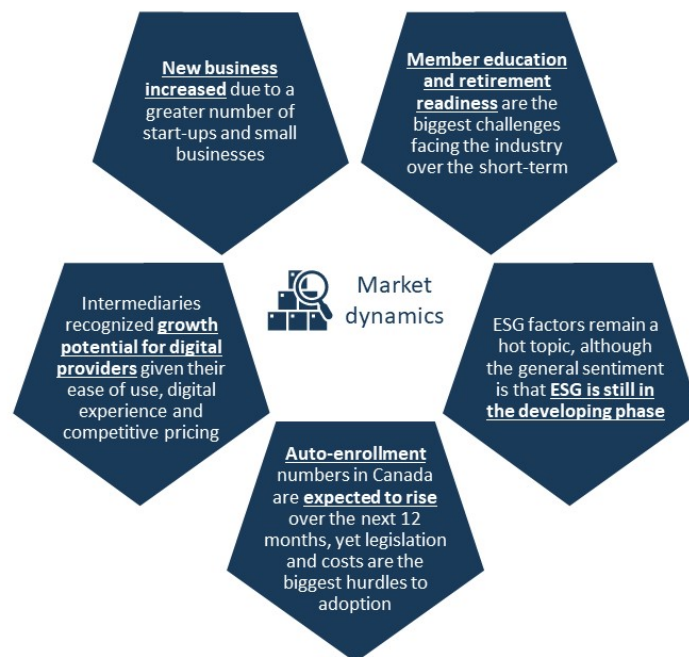
- ▶ NMG completed our 2nd annual Canadian Group Retirement study
- ▶ Feedback received from 63 consultants and brokers focused on Group Retirement in Canada
- ▶ Objectives for this report is to share feedback with participants on:
 - ▶ Trends shaping the industry
 - ▶ Competitive positioning of providers
 - ▶ Key feedback from advisors

NMG's Canadian Group Retirement study is highly representative of the Canadian market with participants responsible for over half of business placed across the country



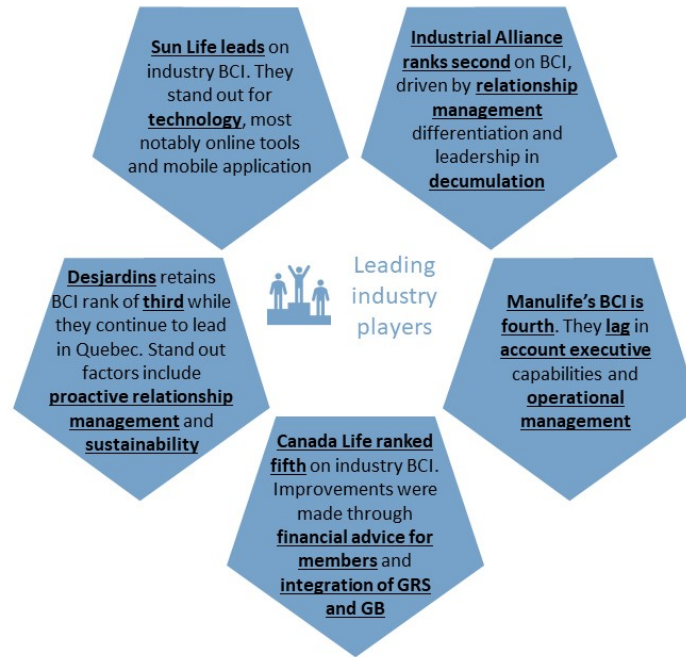
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NMG identified the core themes that continue to drive discussions in the Canadian group retirement market



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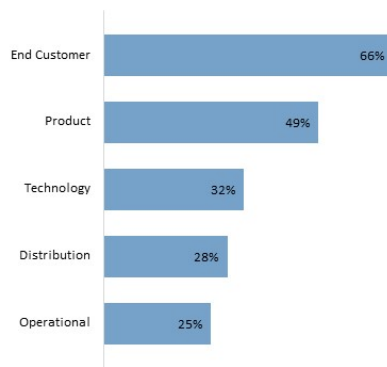
NMG has examined the key capabilities and differentiators for the leading industry players



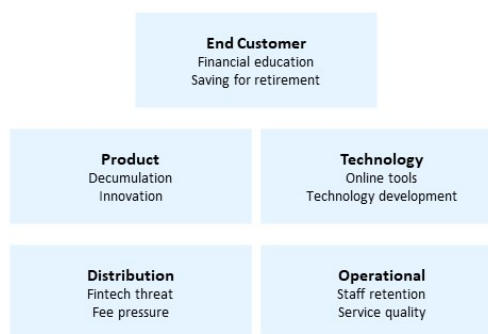
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Intermediaries anticipate member education and retirement readiness as the biggest challenges facing the industry over the short-term

Key outlook / challenges for the GRS market (1 – 2 years)
(% of respondents)



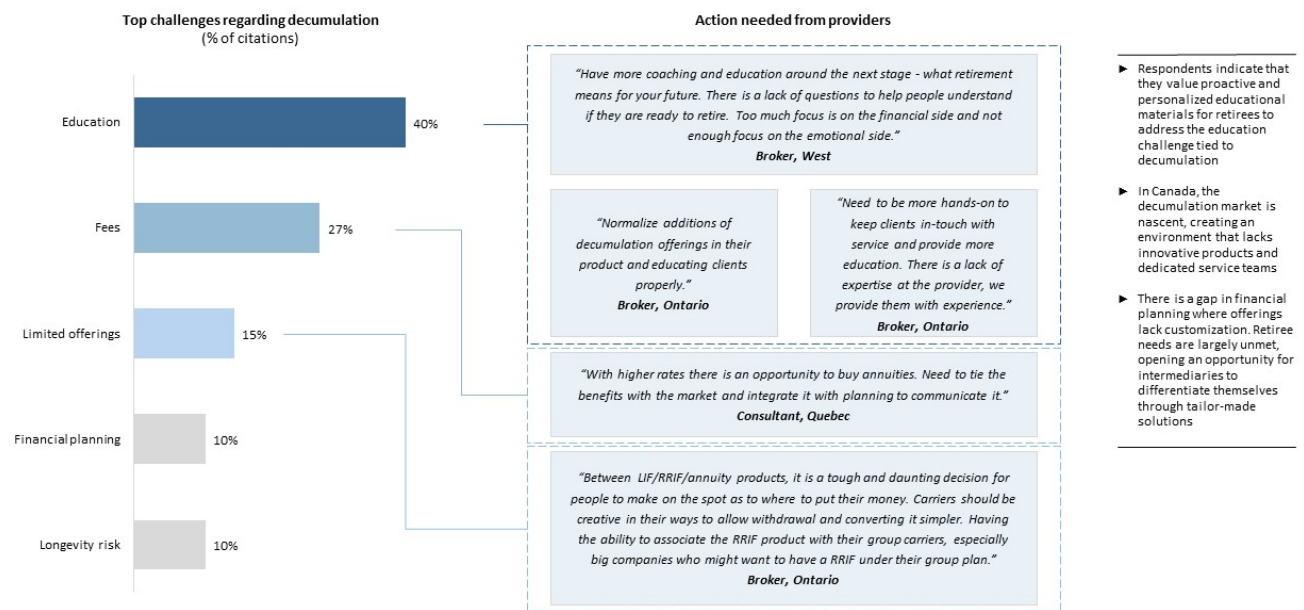
Key challenge themes



- ▶ Helping members better understand retirement goals and market effects while ensuring retirees are adequately funded for retirement are the biggest challenges facing the market
- ▶ As a growing sub-set of the workforce shifts out of the accumulation phase, there is a need to improve decumulation products
- ▶ Younger demographics and competition from robo-advisors continue to place downward pressure on fees
- ▶ Staff turnover and the associated loss of knowledge has created operational challenges in the market

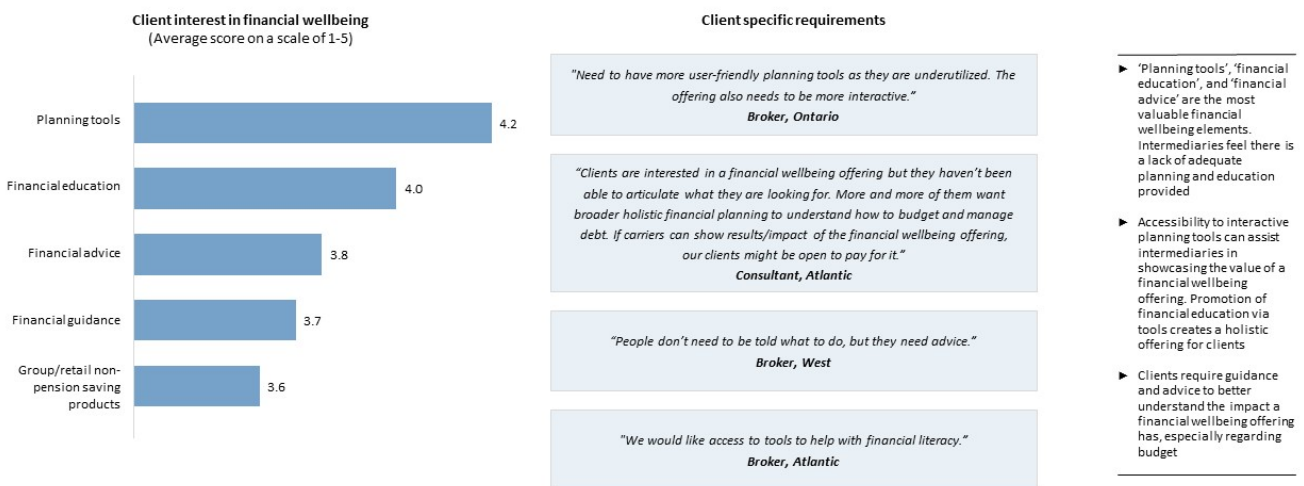
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Decumulation challenges are heavily linked to a lack of retiree education, high fees and limited expertise from providers



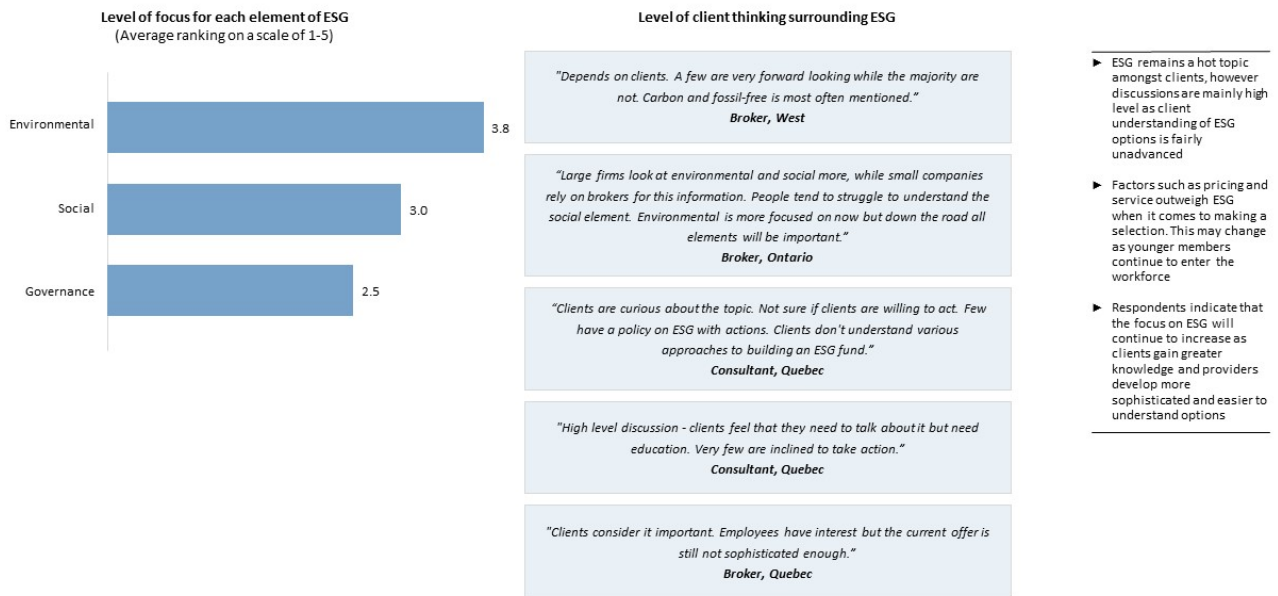
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Over 60% of clients look for a financial wellbeing offering in addition to their pension. Planning tools and financial education are most valued



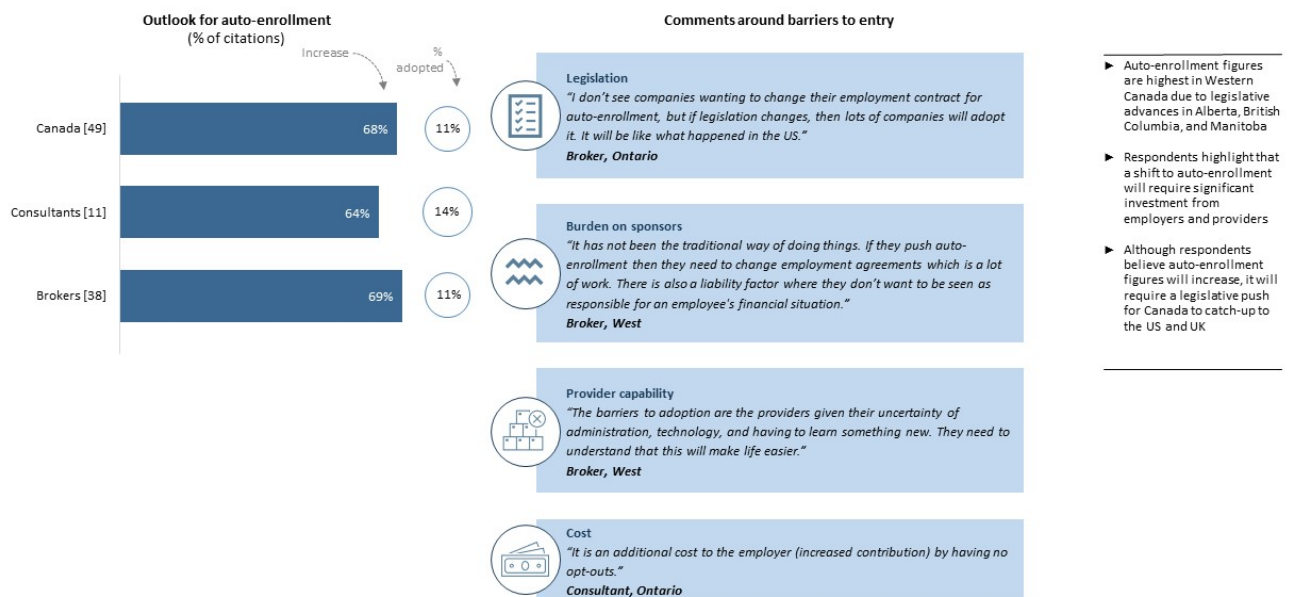
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ESG remains a hot topic, though in early stage of adoption. Clients place the largest focus on the 'Environmental' and 'Social' aspects of ESG



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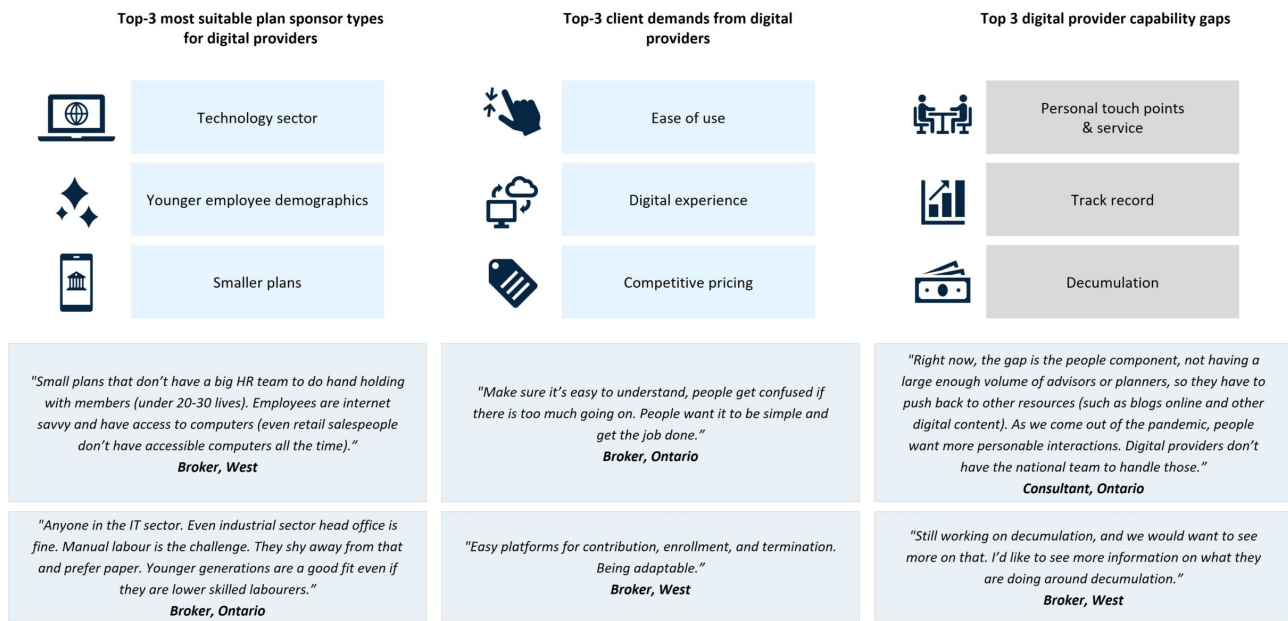
Auto-enrollment numbers are low across Canada; however, majority of intermediaries believe this will increase over the next 12 months



Figures in [] represent citation count of respondents

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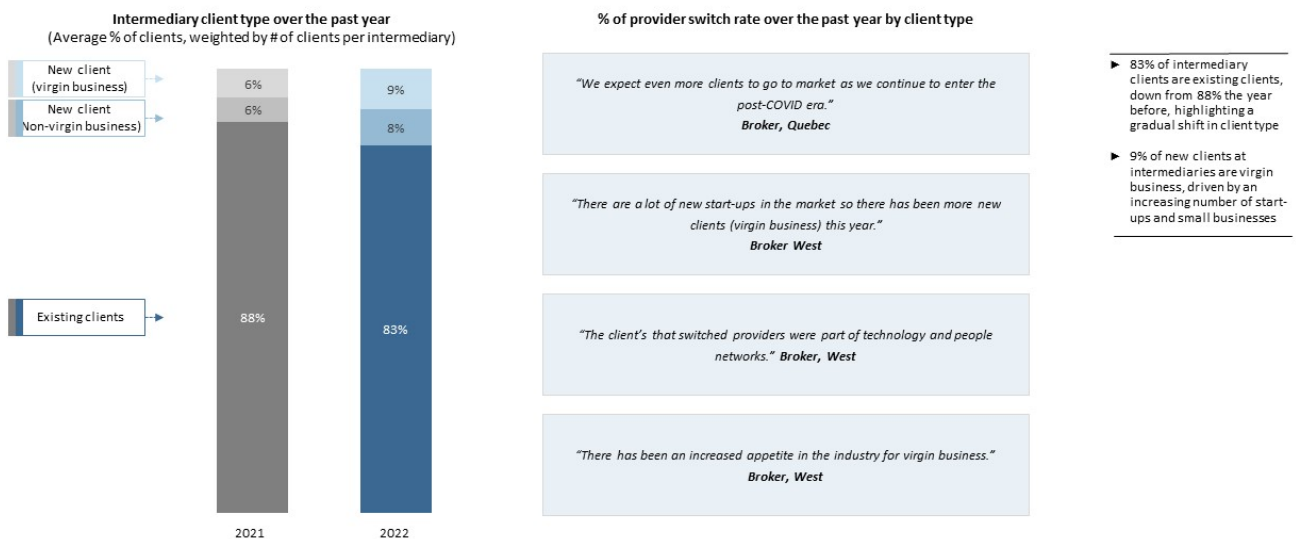
Intermediaries recognized growth potential for digital providers within certain market niches given its ease of use, digital experience and competitive pricing



Note: Colours represent: ■ Positive ■ Negative

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New business from virgin and non-virgin groups increased for brokers and consultants due to a greater number of start-ups and small businesses



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NMG Business Capability Index (BCI)



NMG's Business Capability Index (BCI) is an extensive metric that allows for provider benchmarking across key capabilities

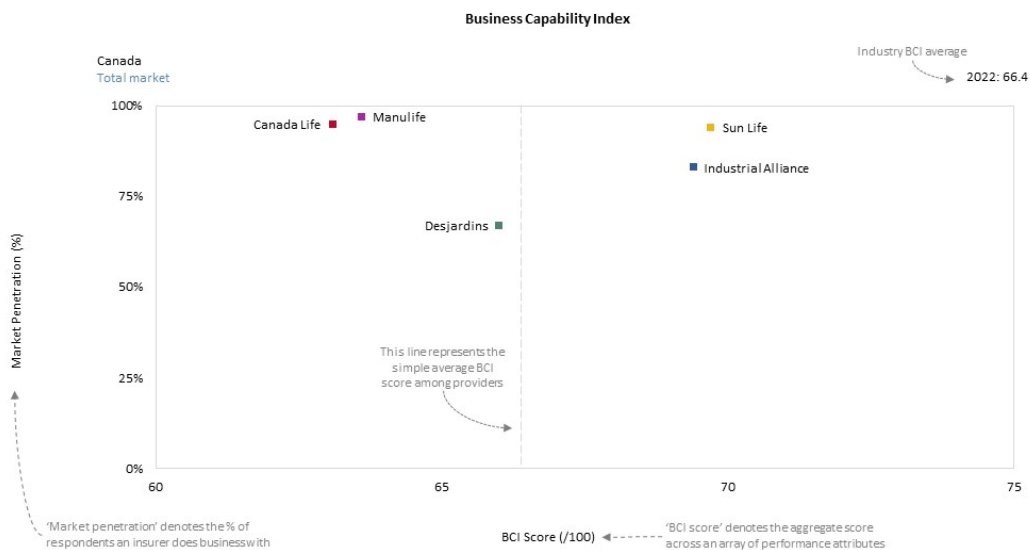


NMG Business Capability Index (BCI)

- The NMG Business Capability Index (BCI) is a single composite score that **compares provider effectiveness** by aggregating intermediary feedback across **45 key capabilities**
- The NMG BCI provides an assessment of which providers are **delivering the best propositions to intermediaries, and consequently which providers are likely to strengthen their market position over the next 12-24 months**

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Sun Life remains market leader driven by technology differentiation. Industrial Alliance closed the gap due to relationship management & operational services



- **Sun Life** leads the Canadian group retirement market due to differentiation in online tools, quality of mobile application, and integration of GB & GRS
- **Industrial Alliance** retains second place with reinforced performance across the board, standing out in institutional and account executive relationship management, and operational services
- **Desjardins** remains third overall, with lead position in Quebec

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Sun Life leads as the top brand in group retirement, however Industrial Alliance and Desjardins lead in several key relationship management factors



Select BCI factors		Top-3 ranked providers across key BCI attributes		
		1 st	2 nd	3 rd
Proposition & Product	Overall service quality	Industrial Alliance ▲	Sun Life	Desjardins ▼
	Brand strength	Sun Life	Manulife	Canada Life
	Sustainability	Desjardins	Sun Life	Industrial Alliance
Relationship mgmt.	Institutional relationship management	Industrial Alliance ▲	Desjardins ▼	Sun Life
	Account executive capability	Industrial Alliance ▲	Desjardins ▲	Sun Life ▼
	Account executive responsiveness	Industrial Alliance ▲	Desjardins ▼	Canada Life ▲
Technology & Operations	Plan implementation & transition management	Industrial Alliance ▲	Sun Life ▼	Desjardins
	Member experience	Industrial Alliance	Sun Life ▲	Desjardins ▼
Initiatives	Thought leadership	Sun Life	Desjardins	Manulife
	Diversity, equity & inclusion	Sun Life	Canada Life	Manulife

- This table highlights carriers who are investing in select capability factors. The top ranked provider, by intermediaries, had the highest BCI score for that factor
- Sun Life leads in several factors, notably on brand strength, thought leadership and DE&I
- Industrial Alliance is seen as a leader in relationship management and provides strong plan implementation & transition management
- Desjardins leads in sustainability while remains strong in relationship especially improved in account executive capability
- Manulife and Canada Life are the second and third strongest brands in the industry, but they lack differentiation across various attributes

Note: Overall service quality is defined as professional, timely, and responsive service quality

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Contact us for more information



About NMG Consulting

NMG Consulting is a leading global consultancy focused on the insurance, reinsurance, retirement/wealth, asset management markets. We bring a unique approach to integrating consulting, insights and analytics.

NMG's evidence-based consulting programs involve interviews with industry leading experts, top clients and intermediaries as a basis to analyse industry trends, competitive positioning and capabilities. NMG develops and manages several leading global programs across key elements of the insurance and investment industries: Life & Health Reinsurance, P&C Reinsurance, and Asset Management.

Established programs also exist in the underlying insurance and wealth markets in Canada: Canadian Group Benefits, Canadian Group Retirement, and Canadian Individual Life Insurance. Our insights are rebuilt on an annual basis.



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