Officials at the Alberta Operating Engineers Local 955 have noticed a troubling trend among some of the union’s members.

“We run into situations where we have members who have been on a steady run—they’ve had well-paying jobs—then they have a period of unemployment, which is common in the construction industry. They come in and say, ‘You’ve got to get me a job. I can’t make my payments,’ ” said Bruce Moffatt, Local 955 business manager. “We realized that it’s a question of people not having the tools and the knowledge to effectively manage their finances.”

Members also need to know more about saving for retirement and their union-sponsored pension plan, said Rainer Semler, CEBS, director of pensions and health and welfare for Local 955. “People are looking for objective information about financial matters,” Semler said.

After lengthy consideration, the union and pension fund decided to develop a financial education workshop for plan participants.

Semler, who recently earned the chartered investment manager designation, collaborated with a fee-only financial planner to develop the free one-day workshop on personal finances and retirement, customized to the union’s pension plan. The union chose a fee-only planner because it didn’t want a product-based approach, Semler said. “We wanted a high-level, no-pressure, purely educational, no-strings-attached type of approach. I have to say that’s what we got.”

Workshops were held in Calgary, Edmonton and Fort McMurray on three different Saturdays in January 2015, and a total of about 60 plan members attended. Another workshop was held in Edmonton in October, and the fund plans to hold additional workshops in 2016.

Considering the fund has about 15,000 active members to reach, Moffatt expects the program to continue indefinitely.

Pension trustees have talked about offering such a program for years but were concerned about liability for providing financial advice. But they feel comfortable that the program the fund developed will not trigger any liability. “We really checked it into, and we’re not telling people how to invest their money. We’re giving people information about how they should approach managing their finances and their retirement and giving them tools,” Moffatt said.

The program also seems particularly timely because expansion in Alberta’s oil and gas industry has slowed, meaning more members are likely to experience unemployment, he said. “We’ve had a really good run here in Alberta for the last ten years, and we have a whole lot of newer members who have come into this industry who thought it was always going to be full employment and that they’d never be out of a job. That’s not necessarily realistic for the construction industry. There are occasional periods of unemployment.

“It seemed like it made a lot of sense that we start providing that awareness and support for people when we’re heading back to more normal circumstances.”

Topics covered in the comprehensive, full-day workshop include government pension programs, how they integrate with members’ pensions and other saving vehicles such as Registered Retirement Savings Plans, Tax-Free Savings Accounts and home equity.

The program also includes information specific to the union’s pension plan. “We get a lot of common questions, and this is an important venture to help educate people as they get closer to retirement,” Semler said.

Local 955 has a target benefit plan to which
only the employers contribute. Benefits vary among members, based on the hours of work and the pension contribution rate. In addition, the amount of pension benefit is also determined by the retirement age of the member and applicable reduction factors. “A lot of people have questions about that when they look at their retirement,” Semler said. “This was an opportunity to explain that aspect of it.”

The union also has a reemployed retiree program—a phased-in retirement program that allows members to earn pension contributions after retiring, provided they are in good standing with the union and local. Without the seminar, the members wouldn’t necessarily know how the program works.

The workshop provides information about tax planning in retirement, including income-splitting strategies. Debt management is another important topic along with the different types of health insurance.

Any plan member could attend the workshop regardless of age or position, and spouses were invited. One member brought his older daughter, who is in her mid-20s. “There was quite a bit of diversity in terms of age demographics as well as category, active vs. retired members,” Semler said. “We had it open to all.”

Longer term, the union may look at creating separate sessions for those nearing retirement and younger members.

Semler estimated about 20 members contacted the fund to request their retirement application packages after attending the first round of workshops in January. They knew much more about their benefits than typical applicants in the past, he added. “They had a greater understanding of not only how our own pension plan works but the overall retirement income system and how it focused on them. They knew what questions to ask.”

Semler recommends other funds considering financial education take their time in selecting an outside provider to design the program. “Make sure they’re consistent with your values as an organization, that they’ve got the credentials, education and skill set,” he said.

It’s also important to customize the information to the fund’s pension. Many members may not understand their plan, and the workshops are an opportunity to help them learn.

“Between selecting who we worked with, what went into it and how it was executed and being side by side with that person at the workshop, we take ownership of it,” Semler said. “It’s still our pension plan at the end of the day.”

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