

LEADERSHIP IS COMMUNICATIONS

**Acceptance speech
by
Jim Leech
President and CEO,
Ontario Teachers' Pension Plan**

And

**Canadian Public Relations Society
CEO of the Year Award recipient**

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Thank you, [Lawrence], and good afternoon everyone.

It is a true honour to receive this award ... although I have to admit that accepting a communications award in a room full of communicators is somewhat intimidating I will try to live up to your kind endorsement.....

I purposely asked that my remarks today be prefaced with the video you just saw [60 seconds, Teachers' Way]. It captures quite succinctly the magnitude of change we are undergoing at Teachers'; and the fact that, if you expect employees to change their behaviours or the way they have been doing their jobsyou should expect to help them understand why and your value must support that.

I know that sounds simplistic to you, as communicators. Unfortunately, it's a lesson lost on many organizations, as I've learned the hard way through my years: with a struggling theatre company; a high tech company with a solution looking for a problem; a smoke alarm company facing a product recall; and a trust company that got in too deep with real-estate developers. And I could go on!

That is why communications has always been one of my priorities, especially as a people manager ... regardless of my level within an organization ... or whether it is a for-profit or not-for-profit, a company or a committee ... or the Armed Forces, for that matter, where my career began.

One of our corporate values at Teachers' is a commitment to open and honest communications. And I would like to take a moment to acknowledge the people in this room who make sure that my personal commitment to that value remains front and centre: the Ontario Teachers' Pension Plan Corporate Communications Department, and my fellow Executive Team Members. I am glad for the opportunity to thank them all publicly today for their support in helping to make sure that:

- I say what needs to be said to those who need to hear it,
- I identify where best to say it, and

- perhaps most importantly – and sometimes most difficult of all for me – helping me to know what *not* to say. (I should also say that my family is also pretty good at helping me know when not to say something!)

That said, I have a simple message to share with you today, and it is:

“Leadership *is* Communications.”

As CEO of Teachers’, I have three communications priorities:

- #1 is helping our employees to understand their environment. Today that focus is on the changes affecting our organization and how we must alter the way we do business as a result.
- #2 is helping our members understand today’s pension reality demographics,

and
- #3 is helping our elected officials to understand the need for pension reform.

Let me start with Priority #1 – our employees.

As I began preparing my notes for today, I was reminded of the various management style trends that have emerged over the years. Years ago, for example, there was a business school revelation and the term “Management by Walking Around” was everywhere.

This was quickly followed by the Open Door Policy.

Today the buzz is all about Employee Engagement.

All of these are valuable. But the way I look at it, no matter what you call them, each of these trends is one more way of saying “*Overlook communications at your peril.*”

No manager should remain holed up in his or her office or cubicle, corner or otherwise. You can't exchange information or ideas that way. You can't keep your finger on the pulse of the organization from afar. You can't assume you know what people are thinking, saying or feeling. You have to ask them... listen to them ... work *alongside* them.

It takes self-discipline to get out of your own office and walk around. One of the best ways I've found to do so is to schedule meetings on floors other than where my office is located. It's amazing what you learn en route to those meetings.

As for a manager's door, it should always be open – literally and figuratively. That's our job – to be there for employees with the help and guidance they need to achieve their results. That's not just keeping the door open – it's keeping the lines of communication open. It's making sure good news and bad news are shared. And that both always are in context.

In short, a well informed employee is an *engaged* employee.

This is all common sense to you communication professionals: when you have meaningful conversations with your stakeholders, whether employees, partners or regulators, you help them understand your priorities and motivations. When they understand what you are doing and why, they can engage and truly support your efforts. Like the old proverb says, “Show me and I see. Tell me and I hear. Involve me and I understand.”

[PAUSE]

Leadership in communications is more than saying the right thing at the right time to the right audience, of course.... It is lending the necessary executive support to your organization to ensure that everyone can do the same. In my case, that starts with respect and support for the Corporate Communications Department – although they will tell you that I do test their commitment to their convictions periodically and it extends to everyone on the Executive Team, who I expect to do the same with their teams, and so on through the organization.

[PAUSE]

When it comes to reaching our external stakeholders, I believe that each of us at Teachers’ personifies our corporate brand. We are the face and voice that is Teachers’. And we should be seen and heard as such. I want our members – the active and retired teachers of Ontario -- our investment and business partners, our potential employees – I want every one of our stakeholders to know that we are not an anonymous monolith, but a living, breathing group of professionals ... who strive to be best in the world at what we do on members’ behalf. That’s more important today than ever before.

Let me explain.

When I joined Teachers’ in 2001, pension deficits were the thing of economic and actuarial theory. Had anyone told me then that pensions would be front page news every day in national media around the world, I would have said they were dreaming!

But here we are, 10 years later, and it isn’t a dream at all: Today, the US states are reported to have a combined pension deficit of more than \$5 *trillion*, which, by the way, I believe is understated. With such an environment, it’s unusual *not* to see a pension story everyday ... From the Economist’s recent “The Battle Ahead” to Maclean’s “Generation Screwed,” and for good reason. Pensions affect everyone: Employees. Taxpayers. Employers. Corporations. Governments. Shareholders. Non-working

Canadians. It's tough to find an individual or an organization untouched by "the pension question."

As such, a very public debate has emerged. It is a debate addressing retirement security, pension affordability, realistic contribution and benefit levels, social responsibility, retirement age ... in other words: our future.

Pension plans - public and private – were devised when "retirement longevity" was an oxymoron. Pensions were meant to bridge the gap between work cessation and death – a short distance, given life expectancies at the time. Bismarck, it is reported, came up with the idea of a state pension after mandatory retirement at age 65. His reasoning was the male life expectancy was only to age 60, so he would never have to pay a pension. According to demographer David Foote, Canada chose a retirement age of 70 in the 1920s, when the life expectancy was 61 i.e., on average you would be dead nine years before retiring. In 1951, a means-tested pension was made available at age 65, when average life expectancy was 68 and a half. The Canada Pension Plan, payable at age 65, was introduced in 1966; life expectancy then was 72.

That was then. Today's longevity rates are very different.

According to Statistics Canada's latest data, life expectancy at birth in 2007 was an average 80.7 years. But if you were born in 2007 and you have not died before you reach age 65, that increases to an average of over 85 years of age.

In fact at Teachers', we have 2,380 pensioners between the ages of *90 and 99*. And an additional 95 pensioners are over *100* years of age. In fact, our eldest pensioner will celebrate her 109th birthday in May! We jokingly call ourselves the Century Club. But in all seriousness, such demographics highlight the issues of benefit sustainability and intergenerational equity – making sure that pension funds are there for today's young people when they retire.

We have been working on our own and together with our plan sponsors - the Ontario Teachers' Federation, and the Ontario government, as well as the four teacher affiliates – communicating in a transparent way with our members to help them understand this reality, and its impact on them.

[PAUSE]

Thanks to that alliterative – if implausible – slogan, Freedom 55, and the reality of increasing longevity, *many* Canadians hope to be retired considerably longer than they worked. As a society, we need to re-set those expectations ... and figure out how to convert ourselves from a credit-hungry culture to a savings-savvy culture that can afford its retirement. That is why I agreed to represent a group of major pension plan CEOs to call on the federal and provincial governments to move forward on meaningful pension reform.

Former Bank of Canada Chair David Dodge and his co-authors at the C.D. Howe Institute sounded alarm bells on this issue last year. As they stated in their paper, Canadians generally must decide to save *more* or save *longer*, or both, and on the other side of the ledger, decide to accept less, if they do not.

Dodge's assumptions suggested that Canadians needed to save between 10% and 21% of their income annually for 30 to 37 contributing years to reach an acceptable income replacement target. That is consistent with our experience. Teachers' are saving 22% of their income -- they contribute 11% of their salary, which is matched by the government. This is a requirement. They are being responsible and I am not concerned about their savings rate, as it is imposed by their profession.

I am worried, however, for the 70% or so of Canadians with no workplace pension; they are the Canadians our governments need to target. Only a handful of Canadians avail themselves of the 18% limit under their RRSPs. Average RRSP balances are only \$60,000, whereas it will take at least \$1 million to provide an annual \$50,000 retirement

income. In fact a Royal Bank report just last week said that the number of Canadians aged 18 to 34 who have any RRSPs at all has dropped to the lowest level in almost a decade – to only 39 per cent.

When it comes to pensions today, there are any number of self appointed authorities as well as commissions and task forces and international think tanks. There are more debates than you can count:

- defined benefit vs defined contribution,
- realistic contribution rates vs reasonable benefits,
- a new pooled system vs enhanced CPP,
- extended retirement ages vs status quo....

There is the “pension tension’ between baby boomers and the generations that are following us as we prepare to retire in droves – tens of thousands daily for the next 20 years, according to EKOS Research. And there is a severe case of “pension envy” between those with and those without workplace pensions.

The list goes on and on.

We at Teachers’ sincerely believe that we have more than a *role* to play in informing people about their retirement financing. We have a *duty* to do so. In fact, it is incumbent upon all of us in the pension industry – and I am glad to see other plans here today - to help people understand Canada’s retirement financing reality.

It is our view at Teachers’ that there will never be a better time than *right now* for Canada to undertake visionary pension reform. The economic storm clouds that started in 2007, turned to recession in 2008 and whose impact will be felt for years to come, have made pension reform discussions possible. Governments, corporations, labour – everyone has seen the damage wrought on so many pensions and other investment accounts. And they’re now listening. As David Florida said recently, “A crisis is a terrible thing to waste.”

At Teachers' we deliver our messages carefully. Our priority -- some would say our *obsession* - is our members ... always. We must ensure that we are doing everything in our control to help their pension plan meet their needs. We have an enviable investment track record of which we are very proud and our pension administration is the best in the world. And largely as a result of that, we have earned the luxury of a voice that is listened to and so can inform public debate. I am proud to be able to carry that mantle to our employees, our members and our governments.

I believe this is what CPRS is recognizing in giving me this honour today, and I sincerely thank you for that. I accept it on behalf of the nearly 800 employees who comprise the Ontario Teachers Pension Plan, and the 289,000 members we serve.

And don't forget: RRSP season closes March 1.

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