



GMS INSURANCE

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Retaining Retirees and Recruits

A recent article in the Canadian HR Reporter noted that Canadian corporations are focusing more on retaining older workers. There were two reasons cited for this:

- 1) Older workers have the knowledge-base and skill set that the corporations need to be competitive;
- 2) Recruitment and retention costs of the younger generation are high

Companies have started tailoring work schedules and benefit programs towards older employees in hopes of delaying retirement. However, this strategy can only work for so long. There will come a point when employees want to enjoy the fruits of their labour and enter retirement. The real issue is two-fold: how to transfer the knowledge from the older generation to the younger generation and how to ensure the younger generation applies the teachings within your organization, not elsewhere.

For now, companies are right to pay attention to the older generation to keep them working. Delaying retirement allows time for that knowledge transfer to take place. Developing mentorship programs can help keep them engaged by filling their role in a different way. Instead of just doing the role, they teach others the role which can prove to be quite rewarding.

Flexible work arrangements such as shorter hours, fewer days, or short-term contract work can also entice employees to stay on past their normal retirement date. Retirement

can be a shock to some people. Easing them into a different lifestyle can be healthy and it can work well for everyone.

The other side of the coin is the generation receiving the knowledge transfer. Recruiting and training the right people is a huge financial investment. However, younger generations tend to be more mobile and less company-loyal than their older counter parts. Therefore keeping them engaged is very important. Generations X, Y and Z want their voices to heard, to be offered career advancement, and would like to work with companies with a high level of social responsibility. Identifying a career path that provides different challenges along the way may help retain these workers. A formal mentorship program can also help by providing knowledge transfer, not just from the older worker to the younger, but also from the younger to the older. When you are new to the company or job, finding a way to have your voice heard can be difficult. A mentor may be a good way for new employees to feel that they have the ear of someone who can help them get their ideas across and effect change.

A concerted look at your current demographics will help you identify your current and future needs. Listening to and understanding what each employee is looking to get from their work experience will also help you determine when gaps are likely to arise and what can be done now to prevent those gaps from occurring.

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Brito v. Canac Kitchens

According to a recent legal decision, employers can be held financially responsible for long-term disability (LTD) benefits after an employee has been dismissed.

When dismissing an employee there are two notice periods that are required. One is the statutory requirement as set out in employment standards and is based solely on length of service.

The other period is a common-law notice period which is added on to the statutory requirement. The amount of notice required is not a set calculation but does take into account various factors such as length of service, position within the company, availability of alternative employment, age, salary, inducement to come from another employer, etc.

The common-law notice period typically varies between 3 and 24 months.

In this case, a 55 year old employee with 24 years of service was terminated without cause and without working notice. The company provided him with the minimum statutory notice (8 weeks) at which time his LTD coverage ceased. He did not receive any common-law notice but a trial judge determined that he should have received 22 months common-law notice.

Almost 16 months after being laid-off, the employee was diagnosed with cancer and began chemotherapy treatment which prevented him from working. The employee filed suit against his former employer, Canac Kitchens, for wrongful dismissal. Justice

Echlin found in favour of the employee and ordered the employer to pay for the LTD benefits that should have been received under the LTD policy – an amount of almost \$200,000. He also levied punitive damages of \$15,000 for Canac's "hardball approach" noting that it has a track record of only paying minimum statutory requirements and aggressively litigating the subsequent wrongful dismissal cases in the courts.

As an employer, you will want to take note of the fact that a common-law notice period is a legal requirement and that benefits should be continued during that time. However, insurance companies do not always provide coverage for non active employees. You should always get approval to extend benefits from your insurance provider before making a final offer to your employees. If coverage cannot be continued during the full notice period, there are other avenues you may pursue such as finding alternative private coverage or negotiating a release from your

legal obligations with the exiting employee. It may cost a bit more for that release, but it will likely be a lot less than a law suit. Your GMS representative can help you with your benefit plan options.

Administration Reminder: A new school year is starting. If your employees have children attending post-secondary school and are over 21 and under 25 (or 22 and 26 depending on your contract) they must contact the insurance company to update their records in order for coverage to continue for the student.

Sources:

Canadian HR Reporter, "Canadian CEOs more focused on older workers than global counterparts: Survey" Amanda Silliker, July 18, 2011, pg 3, 6.

Canadian HR Reporter, "All generations want meaningful work", Paul Fairlie, June 6, 2011

Benefits Canada, "Employers can be liable for long term disability benefits", April 2011

Quiz Corner

Put your mental mettle to the test and a \$50 prize in your pocket!

A man died leaving \$10,000,000 for his widow, 5 sons, and 4 daughters. Each daughter received an equal amount, each son received twice as much as a daughter, and the widow received three times as much as a son. How much did the widow receive?

Answers can be sent to: info@gmsinsurance.com or by fax to 905-670-4146. We will draw a winner from the correct answers.