



TMG

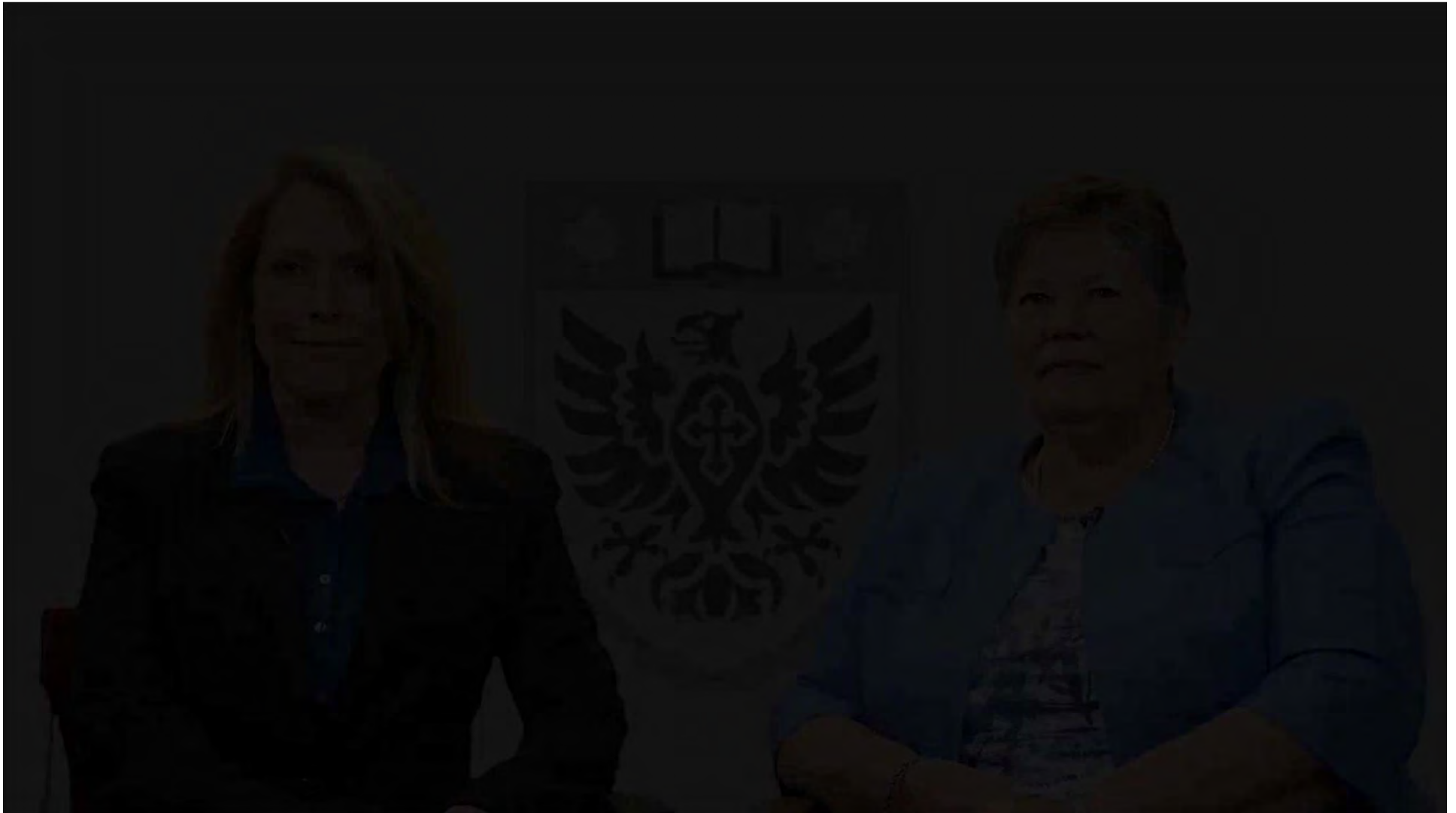
Total Compensation Plan Design Sub-Committee UPDATE

JUNE 10, 2016



TMG FORUM

Video Introduction by the Sub-Committee Co-Chairs



TODAY'S PRESENTERS

Marvin Gunderman

Background

Debbie Sabatino

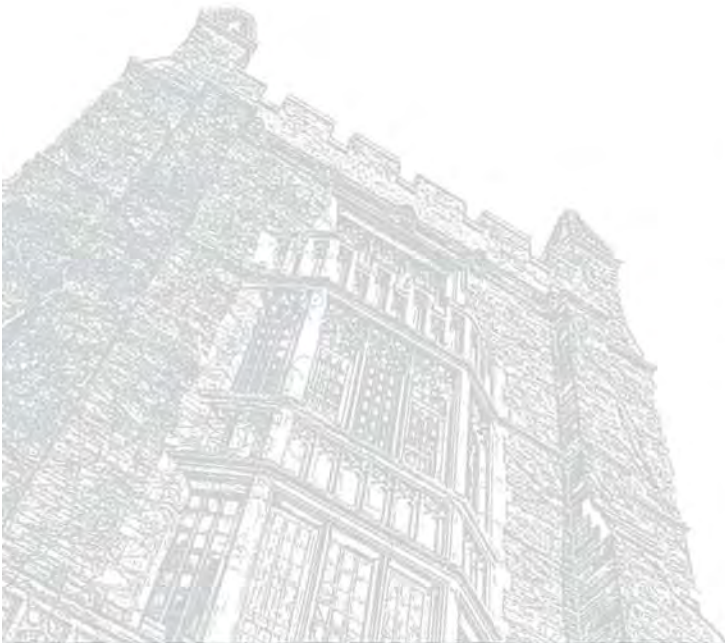
Recommendations Part 1

Debbie Marinoff Shupe

Recommendations Part 2

Kevin Beatty

Next steps





BACKGROUND

Marvin Gunderman



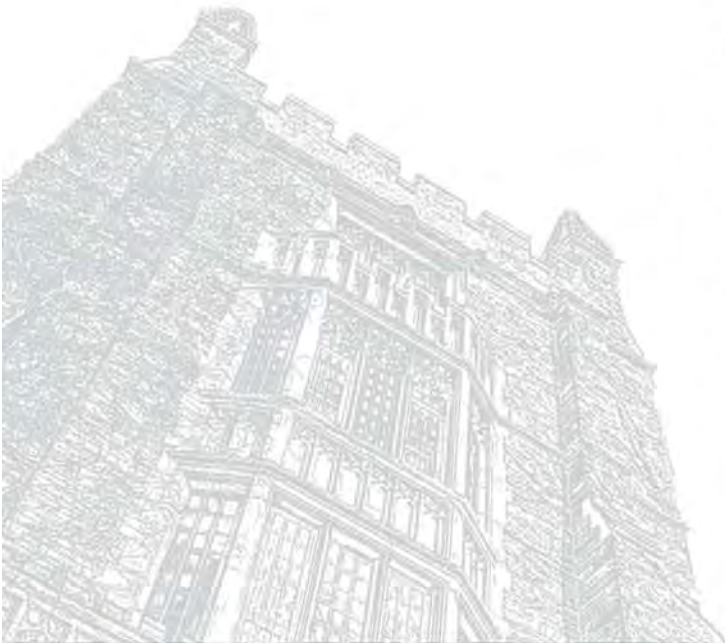
TMG FORUM

COMMITMENT AND VISION

Revitalise the TMG

Total Compensation program

- contemporary in design
- is sensitive to the needs of members of TMG and the University
- strengthens our ability to attract, develop, engage and retain high calibre leaders that are critical to the University's continued success and will strengthen McMaster's reputation as both a premier educational institution and a key employer in Hamilton



THEMES IDENTIFIED IN FOCUS GROUPS' FEEDBACK

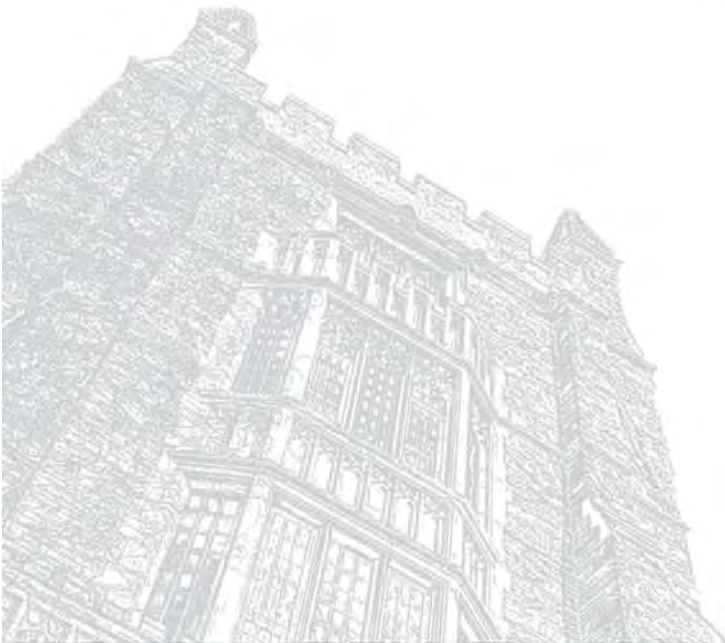


TMG
DIFFERENTIATION



WE STARTED WITH A GOOD PROGRAM...

- When the Consultants from Mercer joined us on this project, they completed a 'TMG Diagnostic' to understand how our Total Rewards program for TMG compares to market (universities and general industry)





OVERVIEW OF TOTAL REWARDS PROGRAM





The table below and on the following page provides key findings from the diagnostic of McMaster's Total Rewards program

Current Program	Alignment	Observations
Base Salary Administration		<ul style="list-style-type: none"> McMaster is well aligned with market with respect to base salary structure design, administration practices, increase budgets and base salary structure adjustments.
Target Base Salary		<ul style="list-style-type: none"> McMaster target positioning of the 60th percentile is leading relative to market practice (with the majority of organizations targeting the 50th percentile).
Performance Pay		<ul style="list-style-type: none"> McMaster has a pay-for-performance philosophy for TMG. Similar to other organizations, small budgets and limitations due to the Compensation Restraint Act requirements impact the ability to differentiate and reward top performers. McMaster is aligned with other Universities and public sector organizations in not having a short-term incentive (annual bonus) program.
Health & Dental Benefits		<ul style="list-style-type: none"> Overall, the health and dental coverage offered to the members of the TMG group is very competitive in both the University sector as well as general industry.

Aligned to market |
 Partially aligned to market |
 Not Aligned to market |
 More Competitive



OVERVIEW OF TOTAL REWARDS PROGRAM

Current Program	Alignment	Observations
Paid Time Off		<ul style="list-style-type: none"> The number of vacation days offered to the members of the TMG group is competitive in both the University sector as well as general industry.
Pension		<ul style="list-style-type: none"> Defined benefit and hybrid pensions in the University sector, as well as defined benefit plans in the general industry, typically provide benefits that are reasonably comparable to McMaster's Plan 2000.
Group RRSP		<ul style="list-style-type: none"> McMaster has a high contribution rate which would typically provide a good pension; The amount of the contributions and the performance of the investments will determine the balance in the Group RRSP account at retirement or termination.
Post – Retirement Benefits		<ul style="list-style-type: none"> Four Ontario Universities (out of 8 identified as McMaster comparators in the Mercer Plan Design Database) offer some retiree coverage to management and administrative employees. Prevalence of retiree benefits amongst Canadian Universities is greater than in general market where approximately 35% of companies offer retiree coverage.

 Aligned to market |
  Partially aligned to market |
  Not Aligned to market |
  More Competitive

TMG – DIAGNOSTIC RESULTS

- Overall, we have a very strong total rewards program for TMG
- Our program is well-aligned with, and in some areas, exceeds that of others in the market
- With this understanding, it allowed the Sub-Committee to focus on recommending changes that would enhance the program, introduce contemporary features, and strive to address issues that have been identified in others' feedback



TMG – FACTS AND FIGURES

**TMG
POPULATION**

607

67%  | 33% 

**PARTICIPATE
IN THE
PENSION PLAN**

65%

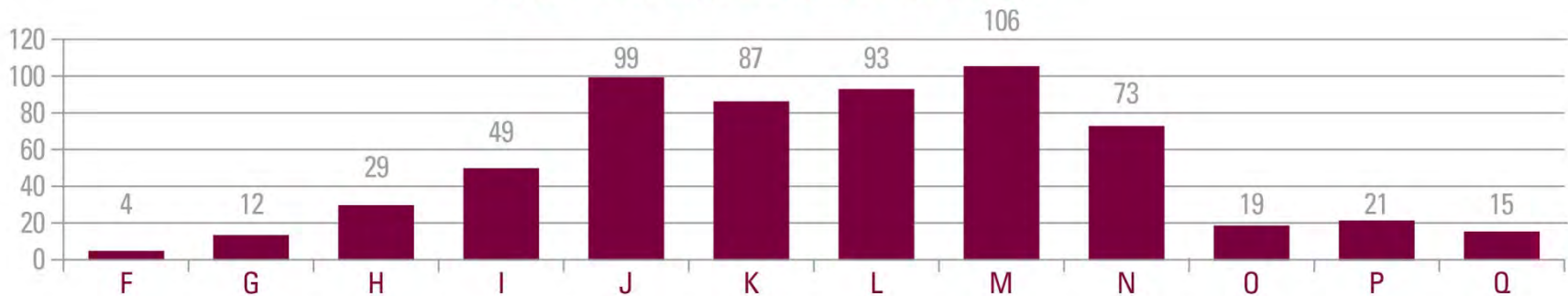
**PARTICIPATE
IN THE
GROUP RRSP**

35%

**ELIGIBLE FOR
POST-RETIREMENT
BENEFITS**

51%

TMG - DISTRIBUTION BY BAND



FACTS AND FIGURES ABOUT THE COMMITTEES' EFFORTS

When we started

- Total Compensation Sub-Committee
- 3 Working Groups (Pay, Benefits, Alignment and Job Evaluation)

Currently

- Total Compensation Design Sub-Committee
- Job Evaluation Review Working Committee





25

MEMBERS

of TMG bringing perspectives



TMG FORUM



19

AREAS

across the University have
been involved





2

**CONSULTING GROUP
PARTNERS**



TMG FORUM



39

MEETINGS





93

HOURS

of meeting time



TMG FORUM



THE
RECOMMENDATIONS
PART 1

Debbie Sabatino



TMG FORUM

RECOMMENDATION HIGHLIGHTS:

Total Compensation		
Description		Implementation Timeline
1	Total Rewards philosophy for TMG	<ul style="list-style-type: none"> • November 2016
2	Reduce the number of bands from 15 to 12 by eliminating bands C, D and E and create three main groupings of remaining bands: <ul style="list-style-type: none"> • F to I • J to M • N to Q 	<ul style="list-style-type: none"> • November 2016
3	Revise the salary range structure by redefining the components of the range and also by narrowing the salary ranges for bands F through I	Narrowing of the salary ranges will be completed using a phased approach <ul style="list-style-type: none"> • Phase 1: November 2016 • Phase 2: November 2017 • Phase 3: November 2018
4	Introduce a new TMG Achievement Program to replace the current performance management program for TMG	<ul style="list-style-type: none"> • Pilot for 2016/2017 • Expanded pilot for 2017/2018 • Full launch for 2018/2019



RECOMMENDATION HIGHLIGHTS:

Total Compensation		
Description		Implementation Timeline
5	Change the annual salary review process by introducing a merit matrix that better connects performance achievement level and position in the salary range to the merit awarded while maintaining flexibility for managers	<ul style="list-style-type: none"> • June 2017
6	Introduce groupings of departments to better manage the merit pools	<ul style="list-style-type: none"> • July 2016 salary review (tentative)
7	Introduce a calibration process to promote consistency in application of the performance assessment and the allocation of rewards in the annual salary review	<ul style="list-style-type: none"> • Introduce for the July 2016 salary review • March 2017
8	Explore creating a new Performance Excellence Program for Bands F through M	<ul style="list-style-type: none"> • Communication and education begins in November 2016 • Awards from the Performance Excellence Program will begin in July 2017 as part of the annual salary review



RECOMMENDATION HIGHLIGHTS:

Total Compensation		
	Description	Implementation Timeline
9	Explore creating a Variable Pay Plan program for TMG in Bands N through Q	<ul style="list-style-type: none"> • Communication and education for Year 1 begins in November 2016 • Awards from the Variable Pay Program will begin in July 2017 as part of the annual salary review
10	Update the approach to maintain P60 relationship to market by amending the definition of comparable organizations <ul style="list-style-type: none"> • Bands F to I: Local (Hamilton, Burlington and surrounding area) • Bands J to M: Regional (Toronto, South Western Ontario, Hamilton) • Bands N to Q: National (All Canada) 	<ul style="list-style-type: none"> • July 2017
11	Introduce a Compensation Policy and revise the Salary Administration Guidelines	<ul style="list-style-type: none"> • November 2016
12	Introduce a Pre-retirement Vacation Exchange Program for TMG	<ul style="list-style-type: none"> • November 2017



RECOMMENDATION HIGHLIGHTS:

Total Compensation		
Description		Implementation Timeline
13	Introduce Career Frameworks	<ul style="list-style-type: none">• November 2017
14	Refine the recognition program by introducing elements specific to TMG	<ul style="list-style-type: none">• To be determined• Tentative for November 2017
15	Explore with Sun Life the ability to provide employees in TMG who are not eligible for post-retirement benefits the option to purchase at retirement an individual benefit plan at preferred rates	<ul style="list-style-type: none">• November 2017



THE
RECOMMENDATIONS
PART 2

Debbie Marinoff Shupe



TMG FORUM

RECOMMENDATION HIGHLIGHTS:

Total Compensation		
Description		Implementation Timeline
16	Adopt the standard Hay Guide Charts for Job Evaluation and Expanded Definitions	<ul style="list-style-type: none"> • July 2016
17	Define job families for TMG	<ul style="list-style-type: none"> • July 2016
18	Review and update the selection of benchmark jobs	<ul style="list-style-type: none"> • July 2016 and ongoing (collection of current job information will be underway)
19	Create job profiles by family which will serve as backbone of evaluation system	<ul style="list-style-type: none"> • July 2016 and ongoing
20	Introduce a revised job description and related job posting	<ul style="list-style-type: none"> • July 2016
21	Utilize generic job descriptions and posting information	<ul style="list-style-type: none"> • Ongoing beginning in March 2017



RECOMMENDATION HIGHLIGHTS:

Total Compensation		
	Description	Implementation Timeline
22	Introduce band descriptions	<ul style="list-style-type: none"> • November 2016
23	Introduce title guidelines	<ul style="list-style-type: none"> • November 2016
24	Create a job evaluation manual for members of TMG and their supervisors	<ul style="list-style-type: none"> • July 2016
25	Improve communications to members of TMG and their supervisors <ul style="list-style-type: none"> • Create a highlight summary of the total rewards package • Improve how we explain value by introducing Total Rewards Statements 	<ul style="list-style-type: none"> • November 2016 (highlights summary) • March 2019 (Total Rewards Statements) – subject to capability within Mosaic and BI
26	Create materials targeted to supervisors of TMG to promote better understanding and consistency of application of the TMG Total Rewards program elements	<ul style="list-style-type: none"> • July 2016 and ongoing

