

President's Letter

August 16, 2023



Gerard Farrell, MD

Update on Review of the NLMA Salaried Physician Group RRSP

Dear Colleagues:

A review of the Group Registered Retirement Savings Plan (RRSP), which included a survey of salaried members and a review by Johnson Inc. (Intact Insurance), is now complete. NLMA will be engaging the provincial government to discuss the future of the Plan.

The RRSP was established by the NLMA in 2001, with the collaboration of the Department of Health and Community Services and regional health authorities. As a condition of employment, all salaried physicians, except those who opted in 2001 to continue participating in the Public Service Pension Plan, are required to participate in the employer-sponsored RRSP. MD Financial Management (MD)/Scotiabank has been the administrator of the Group RRSP since the program was established.

In the past, NLMA received inquiries from members about whether the Group plan is offering competitive administration fees, whether returns on investments are comparable to other institutions and why doctors cannot choose to invest their funds with other financial institutions. At the 2021 AGM, delegates passed a motion calling for a review of the Group RRSP. The review was suspended during negotiations but was reactivated when negotiations concluded.

As part of the review, the NLMA surveyed salaried members to obtain a more comprehensive view of their opinions of the program. Some members identified concerns regarding their inability to choose a different financial institution under the program and raised some questions about fee competitiveness and service.

The NLMA also contracted pension advisors with Johnson Inc. to evaluate the program's performance and service quality. The assessment by Johnson Inc. found that compared to other institutions, MD Financial offers a good program with a high service level and flexible investment options with reasonable returns. The Group RRSP administrative fees require a more in-depth review to benchmark the service level.

Johnson Inc. also provided advice on options for maintaining a single plan or considering a model whereby employer payroll deductions are directed to financial institutions chosen by the employee.

The NLMA will now engage the Department of Health and Community Services to discuss these inputs and to reach a common view on next steps.

We will keep members informed of new developments. As always, we welcome your comments by emailing president@nlma.nl.ca.

Sincerely,

A handwritten signature in blue ink that reads "Gerard Farrell".

Gerard Farrell
President

The logo for the Newfoundland & Labrador Medical Association, featuring a stylized, cursive "NLMA" in black.

**Newfoundland &
Labrador Medical
Association**
164 MacDonald Dr.
St. John's, NL
A1A 4B3
(709) 726-7424
Or 1-800-563-2003
Fax: (709) 726-7525
www.nlma.nl.ca
president@nlma.nl.ca