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Complex domestic pension rules are the catalyst for a flexible multinational platform

Canadian pension administration system supports global clientele

By Carly Foster Illustration by Gabriella Bianca

David Rive likes to tinker.

When personal computers burst onto the scene, he taught himself basic programming to organize his growing insurance practice. On a whim, Rive showed his little software program to an insurance company. And much to his shock, they snapped it up.

Almost 25 years later, Rive is at the helm of one of the largest pension administration companies in Canada, competitively serving clients in the United States and, late last year, added the United Kingdom to his roster of global markets.

Quite the accomplishment for the man who “accidentally” fell into the software business.

A WINNING TEAM

One day Rive woke up and had 10 people working for him.

“I had to make a choice: Did I want to be in the insurance business or the software business?” he says. “What did I want to be when I grew up?”

He made the fateful decision after connecting with a “fascinating” man, whom Rive calls “one of the godfathers of Canada’s actuarial community” — George Watson. Watson knew that Canada was on the cusp of massive pension reform legislation in the late 80s, changes that would cause “enormous headaches” for defined benefit plans.

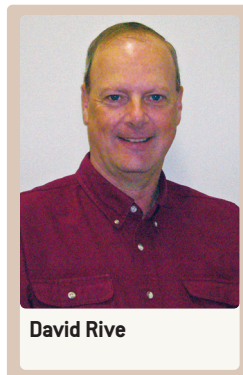
The two decided to use PCs to help organize and administer these plans. And Creative Pension Administration Systems, now known as CPAS, was born.

Rive never looked back.

The company’s impressive client list includes financial institutions, private companies, public sector and nonprofit organizations including: CIBC (to administer group registered retirement savings plans), Fidelity Investments Canada (defined contribution plan administration),

Goodyear, Sears, Smucker Foods, the Teamsters union, the Toronto Transit Commission, the City of Regina, and the Lutheran Church of Canada.

Around 90 employees at the CPAS Toronto headquarters services more than 120 organizations in Canada, the U.S., the Caribbean, Europe, China, and Africa, administering more than 2,000 plans for more than 1.5 million members.



THANK YOU, CANADA

Ironically, CPAS owes much of its success to the complex, multifaceted pension system born out of the legislation Watson foreshadowed.

“In almost every other jurisdiction in the world, pension regulations exist at the federal level,” says Rive, the company chairman and CEO. “Canada is like 10 different countries. There’s just enough difference between them to drive you nuts if you’re a national employer.”

From its humble beginnings, the company’s software had to adapt to this multinational environment — making it almost instantly portable.

“Only later, when we decided to take it on the road, were we pleasantly surprised to discover that what we had built to work in Canada traveled very well,” Rive adds.

The system in CPAS’ flagship program, CPAS v5, is not hardwired to specific legislative requirements — it is parameter- and table-driven. So no reprogramming was required. Only the data in the various dictionaries have to change for each company or country.

“Pension administration and actuarial mathematics is the same all over the world,” Rive says. The maximum payable under a defined benefit plan might be called “maximum pension test” in Canada and “Section 415” in the U.S., but it’s still the same thing; 90% of the battle is getting past the terminology.

"It's one of our best competitive edges," Rive says. "It's no longer an application, but a development environment."

RAVE REVIEWS

It's this flexibility that sold the Lutheran Church of Canada on CPAS. In 1998, the church needed not only to update their antiquated pension administration system, but also a benefits administration and billing management system so they could invoice member congregations for their portion of the benefits cost.

"That was a crucial piece of the puzzle for us," says Inge Schroeder, director, worker benefit plans, adding the two pieces make things much more involved than a stand-alone program for each system. "Because of the uniqueness [of this] at the time, we didn't find a lot of people knocking on our door, even when we went knocking on theirs."

CPAS was the only company that could build an integrated system to help Schroeder service the pension, health and income protection plans for the 710 active and 300 retired clergy, university professors and administration staff the church has spread across Canada.

Even when the church recently added a DC component to its DB plan, CPAS was able to amend the system to administer flexible benefit programs.

"After having gone through a couple of major changes to the system we originally purchased, we feel very confident that no matter what challenges we encounter, our system and the people who designed it will be able to meet those challenges for us and with us," Schroeder says.

Fay Kopp, deputy executive director for the North Dakota Retirement and Investment Office, agrees.

The State Teacher's DB plan – with 10,000 active and 6,000 retired teachers, administration and certified staff, and \$2.1 billion in assets – needed to not only update their mainframe-based system, but also wanted increased staff efficiency with the looming Baby Boomer retirees in the periphery.

CPAS fit the bill, Kopp says.

"It's very functional, very user-friendly, and it meets our needs," she says, adding the fund will soon launch online member services. "As a result of the efficiencies we've gained, we can process an increasing number of retirees without adding staff or spending more money."

It didn't matter that CPAS was a Canadian company, Kopp adds. It was not an issue in the worldwide marketplace of pension. The system was the top response they had to a public request for proposal. Both the inherent advantages of CPAS and its \$1.2 million price tag helped them win the business.

When both Schroeder and Kopp were asked if there were challenges, both found no major issues with either the company or program – outside of natural implementation issues – and said they'd do it the same all over again.

STAFF DICTATE FUTURE

After becoming the "300-pound gorilla in the Canadian market," with both DB and DC capabilities, plus a multicurrency and multilanguage platform, CPAS has expanded around the globe.

So what's next for this burgeoning Canadian success story?

Slow, measured, methodical growth, Rive says.

"Because what we do is so specialized, even if we recruit a person with a pension background, they need six months to get caught up," he says. "If you handed me a ton of new business tomorrow, I couldn't take it all."

Rive wants to enjoy CPAS' 20% annual growth rate, \$11.5 million revenue "with comfortable profit margin," and continue expanding into the U.K. and U.S.

"Did I foresee this? No, I didn't," laughs Rive, who never did make a profit from his original insurance software. "There it was, and I pursued it. And I have no regrets." — *C.M.F.*

