



DIRECTOR TRAINING COMPENSATION, BENEFITS, AND PENSION

TO:	Board of Directors
MEETING:	May 14, 2013
FROM:	Roula Zaarour, Vice-President, People & Culture
PURPOSE:	Provide an overview of the Corporation's Compensation, Benefits and Pension programs
DATE:	May 3rd, 2013



TOTAL COMPENSATION PHILOSOPHY

- Our compensation philosophy is to provide a **total compensation package** that supports our ability to attract, develop, motivate and retain the talent required to enable the Corporation to deliver on its strategic objectives.
- We aim to position our total compensation package in the **median of our competitive market**.
- With the exception of our dental plans, we have **one benefits plan and one basic pension plan**.
- Our programs are continually **benchmarked to market comparator companies** (refer to Appendix 2)

***Our challenge:** To compete for talent in a private sector market while recognizing our status as a federal Crown Corporation.*



TOTAL COMPENSATION ELEMENTS

Focus of today's discussion



Compensation Element	Actual Market Position ¹	Desired Market Position
Total Target Compensation ²		
Base Pay		
Short-Term Incentive		
Total Target Cash ³		
Benefits		
Pension		
Long-Term Incentive		
Salary Range Mid-Points	below 25th percentile for pay bands 5 & below 25th to 50th percentile for pay bands 6-10	50th percentile
Peer Comparator Companies	Media/Entertainment/Publishing companies Telecommunications companies Federal Crown Corporations (including Commercial Crowns) Federal employers Canadian-based organizations headquartered in Quebec	

¹
²
³
⁴



BASE SALARY

- We apply a **job evaluation** methodology to establish the job's level (Pay Band) and each level has a **base salary range** associated with it (see Appendix 3). Positioning of base salary within a range depends on various factors including the individual's experience, criticality of role, internal equity, etc.
- Base salaries for non-union and APS employees are **reviewed annually** and salary increases are linked to the annual performance management results.
- Base salary increases for union employees are based on their **collective agreement** (see Appendix 4).
- **Executive Difference:**
 - All Executive jobs are individually benchmarked.



INCENTIVES AND OTHER CASH BENEFITS

s.18(a)
s.18(b)
s.21(1)(b)

- Senior management (Pay Bands 8 and up) are eligible for an annual **short-term incentive** plan where the payout is based on **Corporate** and **Component** business results and **Individual** performance (see Appendix 5). Target payout is a % of base salary:

Level	Target	Eligible FTEs ¹

- Sales and certain Marketing jobs are eligible for a **Sales Commission** plan.
- **Union premiums**, such as assignment, shift premiums and on-call pay, are negotiated.
- The **discretionary additional remuneration** program is typically used for on-air and production talent to bridge the gap between union salary and market.
- **Executive benefits:**
 - Executives and SM have a modest **benefit allowance** that can be applied toward expenses that include, for example, healthcare spending, financial planning, and vehicle:
 - SM - \$5,000
 - Executive - \$12,500
 - Vice-President - \$24,000
 - Executive Vice -President - \$27,000



OTHER BENEFITS (HEALTHCARE, INSURANCES AND BUSINESS TRAVEL)

s.18(a)

s.18(b)

s.21(1)(b)

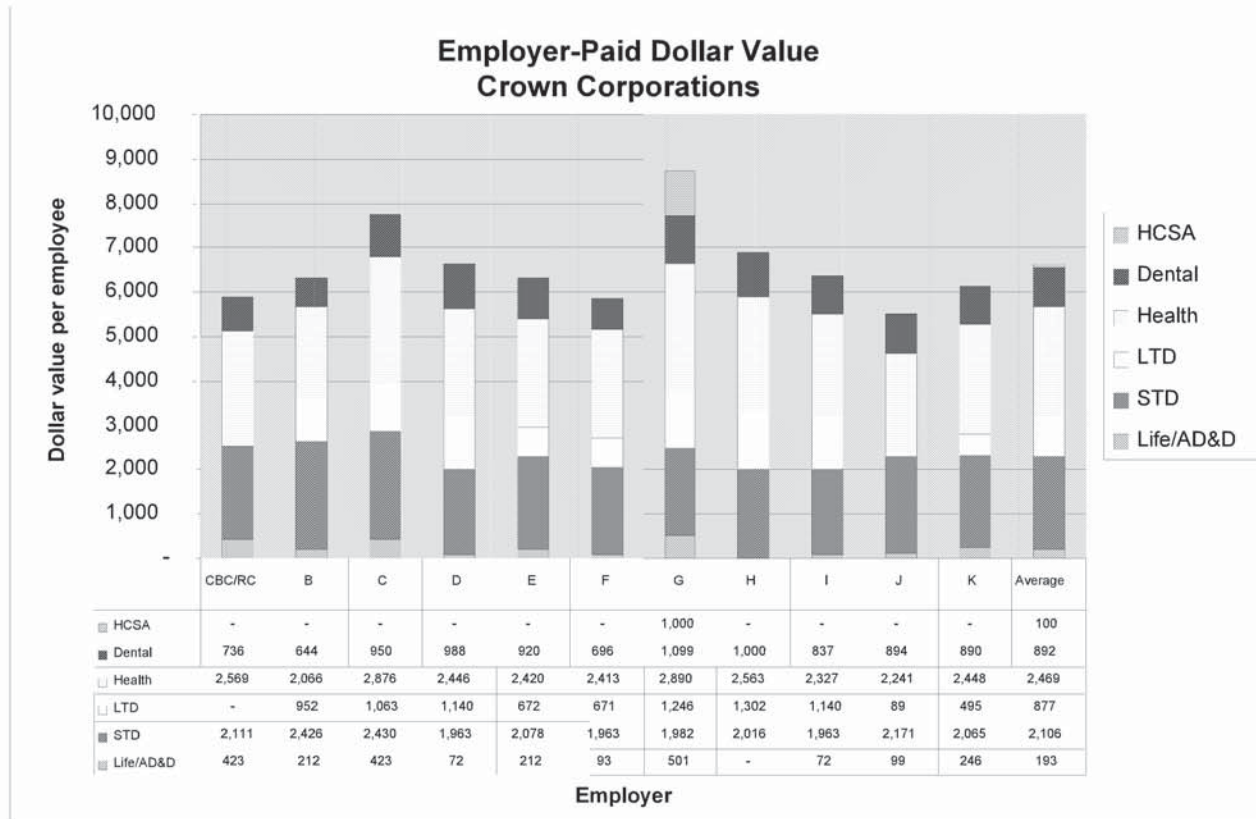
		EMPLOYEE	EXECUTIVE GROUP
Health Care (see Appendix 6)	Supplementary Health Care Plan (SHCP)		
	Dental		
Disability Income	Short-Term Disability <ul style="list-style-type: none"> Up to 85 days Self-administered / self-insured 		
	Long-Term Disability <ul style="list-style-type: none"> as of 86th day of illness 		
Insurances	Basic Life <ul style="list-style-type: none"> 2x base salary 		
	Optional Life <ul style="list-style-type: none"> Additional 1x, 2x or 3x base salary 		
	Reducing Term Life		
	Dependent Life		
	Accidental Death and Dismemberment (AD&D) <ul style="list-style-type: none"> Includes personal travel medical assistance 		
Business Travel	Travel Accident Insurance <ul style="list-style-type: none"> Includes hazardous assignment and war risk 		
	Emergency medical and travel assistance		

Note: The above illustration is for permanent employees.



BENEFITS RELATIVE VALUE STUDY (CROWN CORPORATIONS)

- CBC/Radio-Canada's plans rank **9th out of 11** among the comparator group, mostly as a result of LTD being 100% employee-paid.

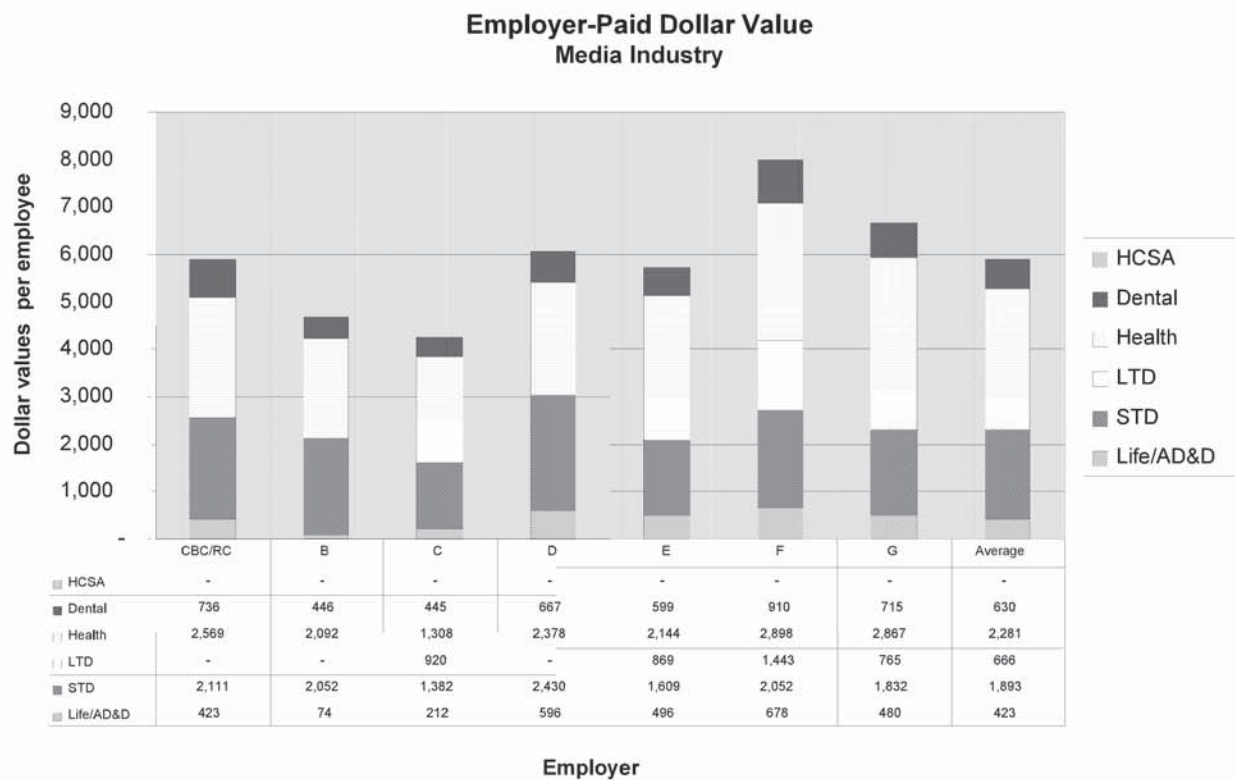


Source: Benefits Benchmarking Study (Relative Value) by Mercer, February 1, 2013 (see Appendix 7)



BENEFITS RELATIVE VALUE STUDY (TELECOMMUNICATIONS)

- CBC/Radio-Canada's plans **rank 4th out of 7** among the comparator group, with a value close to the average value of the comparator group.



Source: *Benefits Benchmarking Study (Relative Value) by Mercer, February 1, 2013 (see Appendix 7)*



PENSION PLAN

- CBC/Radio-Canada's basic pension plan is a **defined benefit plan**.
- Plan contributions are shared between the employee and the Corporation with the **employee share at 40%** as of July 1, 2013. The Federal Government is expecting this share to increase to 50% by 2017.
- It is considered a **mature plan** with more retirees than plan contributors.
- CBC/Radio-Canada's pension **ranks among the top plans** in Canada with respect to **financial health**. As of December 31, 2012 the plan:
 - Has a solvency ratio of 91%, and
 - A going concern surplus ratio of 110%¹
- Many Crown Corporation plans, as well as the Federal Government plan, include all bonuses in pensionable earnings while CBC/Radio-Canada's plan includes base salary only
- The Corporation's plan is positioned above the market median to help close the gap to market on total compensation value

¹ Based on the actuarial value of assets



PENSION PLAN SUMMARY

Lifetime Pension Formula
Cost Sharing
Provision Form
Vesting
Pensionable Service
Unreduced Retirement Date
Earliest Retirement Date
Bridging Benefits to Age 65
Death Benefits
Indexation

1 - Income Tax Act annual maximum for 2013 is \$152,718

2 - Yearly Maximum Pensionable Earnings (YMPE) for 2013 is \$51,100

3 - Federal Budget 2013 – expectation that Federal Crown Corporations will increase the employee share of pension contribution to 50% of total cost



PENSION PLAN COMPARISON TO FEDERAL GOVERNMENT PLAN (PSSA) - EXAMPLE

s.18(a)
s.18(b)
s.20(1)(b)
s.21(1)(b)

**Early
(reduced)
retirement**
(Annual \$)

Base Salary	
Retirement Age	
Service	
Early Retirement Reduction	
Before 65	
After 65	

**Unreduced
retirement**
(Annual \$)

Base Salary	
Retirement Age	
Service	
Before 65	
After 65	

- A comparison between the estimated value of the current CBC/Radio-Canada plan and the Federal Government plan (includes recent increased minimum retirement age) for both early retirement and unreduced retirement incomes:
 - CBC/Radio-Canada plan is better than the PSSA for those who retire early.
 - At unreduced retirement (no early retirement reduction), both plans are comparable.
 - Side note: CBC/Radio-Canada does not offer employer-paid retirement health and dental benefits whereas the Federal Government does.



IN CLOSING

- CBC/Radio-Canada's total compensation program is intended to neither lead nor lag the market.
- In our efforts to attract, develop, motivate and retain employees, offering a competitive total compensation package is important. If it lags the market it will become an important distraction and consequently a significant dissatisfier, and a reason to leave.



APPENDICES

- 1 – Compensation Program Summary
- 2 – Market Comparator Companies
- 3 – Base Salary Ranges – Non-Union and APS
- 4 – Base Salary Ranges – Union Example
- 5 – Short-Term Incentive Plan Framework
- 6 – Health Care and Dental Plan Details
- 7 – Relative Value Study Comparator Companies



APPENDIX 1

COMPENSATION PROGRAM SUMMARY

s.18(a)

s.18(b)

s.21(1)(b)

	UNIONS (CMG, SCRC, AR, STARF, SCFP)	APS	CONFIDENTIAL	MANAGEMENT	SENIOR MANAGEMENT (SM)	EXECUTIVE GROUP (Executive and SET)
Salary Determination	<ul style="list-style-type: none"> Job classification per collective agreement Salary ranges negotiated 	Job evaluation determines Pay Band level (PB)				
		Generally PB4 to PB7	Generally PB3	Generally PB4 to PB10	Most senior non-executive	Individually priced to market
Annual Salary Review	<ul style="list-style-type: none"> Annual anniversary increase until range maximum reached Negotiated annual general range increases 	Annual salary review based on performance (PMSD), position in band, internal value and budget				
Short-Term Incentive (STIP) (Target % of base salary)	n/a					
Long-Term Incentive(LTIP)	n/a					Executive VP only – target 50% of base pay
Executive/ SM Benefit	n/a					Annual allowance: SM \$5,000 / Executive \$12,500 / VP \$24,000 / EVP \$27,000
Discretionary Additional Remuneration	Eligible per program guidelines and typically used for on-air and production talent to bridge the gap between union salary and market					
Premiums	Per collective agreement, e.g. Producer premiums, workload, on call, etc.	n/a				
Sales Commission	Per Sales Commission Plan	n/a	<ul style="list-style-type: none"> Per Sales Commission Plan Not eligible for STIP 	n/a	<ul style="list-style-type: none"> Revenue Executive roles Not eligible for STIP 	
Overtime	Per collective agreement	Per policy	Not eligible			



APPENDIX 3

BASE SALARY RANGES – NON-UNION AND APS



Entry Zone

- New or developing in role
- Partially meeting objectives

Reference Zone

- Experienced & fully competent
- Majority of employees with continued sustained performance will be clustered around the **midpoint**

Reference + Zone

- Critical expertise
- Hot market skills
- Exceeds job requirements
- Sustained outstanding performance

s.18(b)
s.21(1)(b)

EFFECTIVE JUNE 17, 2013

BAND	ENTRY ZONE		REFERENCE ZONE			REFERENCE PLUS ZONE
	MINIMUM	LOW	MID	HIGH	MAXIMUM	
RB 1						
RB 2						
RB 3						
RB 4						
RB 5						
RB 6						
RB 7						
RB 8						
RB 9						
RB 10						
SM						

Sample job titles that use these Pay Bands:

- Administrative Assistant
- Market Analyst
- Manager, Audience Research
- Senior Advisor, Content Development
- Director, Accounting



APPENDIX 4

BASE SALARY RANGES – UNION EXAMPLE

Annual anniversary “step” increase

Annual general scale increase

CMG - Producer - Band 12									
Date	Start	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9
January 9, 2006	55,140.17	56,940.41	58,760.89	60,561.14	62,361.38	64,161.63	65,961.88	67,762.13	69,582.60
April 1, 2006	56,293.13	58,133.84	59,994.77	61,835.47	63,676.17	65,516.87	67,337.35	69,178.05	71,038.98
April 1, 2007	57,709.06	59,590.22	61,491.60	63,372.76	65,274.14	67,155.30	69,016.23	70,917.62	72,819.00
April 1, 2008	59,448.62	61,370.24	63,332.30	65,274.14	67,236.21	69,178.05	71,079.44	73,041.50	75,003.57
January 1, 2009	60,338.63	62,300.70	64,283.00	66,245.06	68,247.59	70,209.65	72,151.49	74,133.79	76,136.31
April 1, 2010	61,188.19	63,170.48	65,173.01	67,175.53	69,198.28	71,200.80	73,162.87	75,165.39	77,208.37
April 1, 2011	62,037.74	64,060.49	66,083.24	68,105.99	70,169.20	72,191.95	74,194.47	76,217.22	78,280.43

- Example of how unionized base salaries generally work – A CMG producer (CMG Pay Band 12) is hired March 1, 2006 at a base salary of \$55,140.17 (“Start” of salary range):
 - On April 1, 2006 – receives an annual general scale increase to \$56,293.13
 - On March 1, 2007 – receives an anniversary increase to “Step 2” of \$58,133.84
 - On April 1, 2007 – receives an annual general scale increase to \$59,590.22
 - On March 1, 2008 – receives an anniversary increase to “Step 3” of \$61,491.60
 - And so on ...



APPENDIX 5

SHORT-TERM INCENTIVE PLAN FRAMEWORK

Incentive Element	Metrics	Media			Non-Media	
		SET	Executives	PB8-10 & SM	SET	Executives, PB8-10 & SM
CBC/RC	Revenue Generation	5%	5%	5%	5%	5%
	Cost Efficiency	5%	5%	5%	5%	5%
	Perception Survey Results	10%	5%	5%	10%	5%
	Total	20%	15%	15%	20%	15%
Component	Program Strategy *	15%	15%	10%	35%	30%
	Share Combined *	15%	10%	10%		
	Revenue *	15%	10%	10%		
	Budget Forecast Accuracy	10%	10%	10%	10%	10%
	Total	55%	45%	40%	45%	40%
Individual	People, Programs, Pushing Forward (PMSD)	25%	40%	45%	35%	45%
Total		100%	100%	100%	100%	100%

* Media components: component metrics defined by each media. Non-Media components: average of two Media component results.



APPENDIX 6

HEALTH CARE AND DENTAL PLAN DETAILS

- Supplementary Health Care Plan is
 - Prescription drugs with mandatory lowest cost generics and \$5 per prescription deductible
 - Semi-private hospital room
 - Vision care up to a maximum of \$240 every 24 months
 - Out of province and out of country emergency medical
 - Massage, chiropractor, chiropody, naturopath, osteopath, acupuncture each to \$500 annual maximum
 - Speech therapy reimbursed at 90% with a \$500 annual maximum
 - Physiotherapy with no annual maximum
 - Psychology with no annual maximum however reimbursed at 90%
 - Annual deductible of \$75 single; \$100 family
- Dental care for non-union and APS employees is
 - Basic care is reimbursed at 90% (annual check-up every 9 months, x-rays, fillings, ...)
 - Endodontic and periodontic care is at 75% (root canal, extraction)
 - Major restorative is at 50% (crowns, bridges, surgery, dentures)
 - Combined annual maximum for the above is \$2,000 per year per person
 - Orthodontics is at 50% reimbursement with \$2,000/person lifetime maximum
- Dental care for union employees
 - Each union has their own plan (5 plans in total)
 - All gave up a percentage to fund the introduction of each dental plan
 - All have different reimbursements and co-pays and improvements are negotiated



APPENDIX 7

BENEFITS RELATIVE VALUE STUDY COMPARATOR COMPANIES

s.18(b)

s.20(1)(b)

s.21(1)(b)

Crown Corporations that participated :

Media companies that participated :

Source: *Benefits Benchmarking Study (Relative Value)*