



Off the Record

By Barry Critchley

The Financial Post Thursday, April 3, 1997

NEWS

Little acorn grows into \$1.56B

It started in 1988, when John Zufelt a broker for five years at ScotiaMcLeod Inc., landed his first account in a new line of business — a \$10-million plain vanilla group RRSP for the Professional Engineers of Ontario.

Three years later, following the arrival of a partner, Carl Spiess, who had once worked with Zufelt as a co-op student, the new business moved into high gear. The two began selling self-directed group RRSPs a line normally provided by trust and insurance companies.

The result has been a hundredfold increase in assets under management, and a substantial boost in the number of ScotiaMcLeod brokers who specialize in the product Zufelt and Spiess, who work with eight assistants, have \$250 million of group RRSP assets under management, the most among the dozen ScotiaMcLeod brokers who specialize in that area.

Zufelt and Spiess's largest group RRSP account remains the PEO. Now a self-directed plan, it has \$180 million of assets under management, invested for 3,700 members. The first \$10 million was invested for 500.

Zufelt and Spiess, who are also on the Internet at mutualfundreporter.com, also manage group RRSPs for the Metropolitan Toronto School Board and Black & Decker Canada Inc.

For ScotiaMcLeod which has made the greatest commitment to the group RRSP market, assets under management at the end of February were \$1.56 billion. On a compound rate of growth, the success story is a little scary: \$100 million of assets under management was passed in mid-1992, the \$1-billion mark last May, and \$1.5 billion last month. While such growth is unsustainable in the long term, the brokers do have some things working in their favor — an aging population and a trend to defined-contribution pension plans (away from defined-benefit).

“Demographics is clearly working in our favor,” said Spiess, an engineer with an MBA who joined the firm in 1990. “The real growth for us [has occurred] because employees are tired of the plain vanilla plan. They want to be able to pick and choose between the best managers. And we cherry-pick the best managers from the different areas, which relieves the employer from having to pick the managers.”

Of course, McLeod's group RRSP department would not have been possible had Sandy Miller, then run-

ning retail sales, not given the go-ahead. Spiess says: “It was a big deal to get the group up and running, and we have to thank Sandy for his foresight. Group RRSPs by definition have, on average, smaller clients, and smaller transactions than the traditional retail brokerage business. But, with my systems background and through getting the computers involved in running the money, group RRSPs have proven a good business to be in.”

Vacationing Miller couldn't be reached for comment.

It should go on the record that the two ScotiaMcLeod brokers run the group RRSP plan for Sun Media Corp. and The Financial Post Co. As well, they manage the assets of a new, defined-contribution pension plan introduced Jan 1, 1995.