

ROTMAN INTERNATIONAL CENTRE FOR PENSION MANAGEMENT (ICPM)
Rotman School of Management, University of Toronto

Open Request for Research Paper Proposals

I. BACKGROUND AND PURPOSE

The Rotman International Centre for Pension Management (ICPM) is a research centre at the Rotman School of Management, University of Toronto. The Centre is supported by an international consortium of twenty-six major pension organizations. The mission of Rotman ICPM is to be a catalyst for improving the management of pension systems and organizations around the world. This mission is achieved through funding relevant research projects, organizing discussion forums, and publishing the *Rotman International Journal of Pension Management*. ICPM takes both macro and micro perspectives. Relevant macro issues include optimal pension system design, regulation, and collaboration. Micro issues include agency costs, governance and organization design, investment beliefs, risk measurement and management, and strategy implementation. Research findings are shared at discussion forums and communicated to the global pension community through the *Journal*. More technical treatments of the research findings can be submitted for publication in academic journals. ICPM's Research Partners believe that broad dissemination of funded research findings is a win-win proposal for both professionals working in the global pension industry, and ultimately, for its millions of beneficiaries.

II. ELIGIBILITY

There is no restriction on who is eligible to submit a research proposal.

1. Funding is available for any person, group of individuals, or organization that is able to meet the research criteria regardless of which country in which they reside or work
2. There is no requirement that the proposal be submitted by an academic

III. CRITERIA / RESEARCH TOPICS OF INTEREST

ICPM and its international partners believe that creative research is central to achieving its mission. Research proposals must have significant international interest / implications and cannot be too narrowly focused. We have outlined the macro issues along with four micro issues of most interest to our international partners.

Macro Issues

- **Pension system design:** How to measure effectiveness/efficiency? How to assess intergenerational fairness/wealth transfers?
- **Supervisory/regulatory processes:** Positive impacts? Negative impacts?
- **Retirement Savings → Investments → Pension Payments transformation processes:** Measures of effectiveness? Efficiency? Competition?
- **Opportunities and risks facing pension systems in the 21st Century:** Demographics? Shareowner Stewardship? Climate change?
- **Pension fund collaboration:** Optimal structures? Effectiveness measurement?
- **Development of requisite pension management skills:** Education models? Curriculum?
- **Hybrid pension models:** Collective solutions in DC framework?

Micro – Agency/Governance Issues

- **Pension plan sponsorship/legal structure/agency issues:** Do sponsorship and legal structure matter? Can agency costs be measured?
- **Board of Governors/Trustees/Directors effectiveness:** Does the design of the selection process matter? How should Board effectiveness be measured?
- **Pension fund organization design and incentives:** Does organization design matter? Impact of leadership? Does internal compensation policy matter? Does the structure of the relationship with external agents matter? Can the relationship between organization design, incentives, and performance be measured?

Micro – Investment Beliefs

- **Investment theory and investment practice:** Are the two aligned? If not, why not? Is the traditional ‘alpha-beta’ separation still useful as an organizing framework? If not, what should replace it?
- **Public markets vs. private markets:** Are investment processes fundamentally different in these two types of markets? If so, why?
- **Investment horizon:** Does it matter? Why?
- **Innovation:** Does the investment management ‘industry’ innovate? If not, why not?

Micro – Risk Issues

- **Risk definition, estimation, and allocation:** What types of risk should be managed? (e.g., asset-liability mismatch risk, liquidity risk, operational risk) Can these risks be measured? How/by whom are they borne?
- **Risk mitigation:** Best practice techniques? Organizational implications?
- **Investment benchmarking:** How should investment performance be risk-adjusted? Is there one generic approach, or is it asset class-dependent?

Micro – Implementation and Financial Engineering

- **Measuring and managing costs:** Standardization of cost components? Economies and diseconomies of scale? Hidden costs?
- **Uses and abuses of derivatives:** Should pension funds use derivatives? Under what circumstances? What are the implications for risk control?

IV. PROJECT SELECTION AND OVERSIGHT

The ICPM Research Committee is comprised of eight members representing government, academic, and industry from our international partners. The decisions of the judging panel are final. Selection criteria include perceived value of possible research findings, research strategies to be employed, uniqueness, qualifications of the researcher(s), and project cost. The ICPM Research Committee will also be responsible for progress oversight of accepted proposals.

V. TIMEFRAMES

A. STATEMENT OF INTENT TO SUBMIT A RESEARCH PROPOSAL – Deadline is Monday, February 15, 2010 by 12noon EST

Please email a **Statement of Intent to Submit a Research Proposal** no later than 12noon EST on Monday, February 15, 2010 to Ann Henhoeffter, Associate Director, Operations and Planning at icpm@rotman.utoronto.ca.

The Statement of Intent to Submit a Research Proposal must include:

1. Maximum 500-word description about your research proposal
2. A one paragraph bio and contact information for each member of the research team – please indicate Lead Researcher

Submissions that meet the criteria identified in Section III will be notified to continue with the process within two weeks of the above-noted deadline. If the scope of the submission does not meet the criteria identified in Section III, the ICPM Research Committee will notify the Lead Researcher that they are deemed ineligible to continue with the submission process unless the submission is recast so that it does become eligible. *Note: We will consider a deadline extension for the Statement of Intent to Submit a Research Proposal; however, researcher(s) must contact ICPM prior to the deadline for consideration indicating their interest and anticipated date to submit this requirement.*

B. RESEARCH PROPOSAL – Deadline is Monday, April 5, 2010 by 12noon EDT

Proposals must be received no later than 12noon EDT on Monday, April 5, 2010. Please email a PDF of the **Research Proposal** to Ann Henhoeffter, Associate Director, Operations and Planning at icpm@rotman.utoronto.ca. Submissions in hard-copy format will not be accepted. Selected proposals will be notified within two months of the submission deadline if they are eligible for funding by ICPM.

Applications for funding* must consider the following as minimum submission criteria:

1. A research proposal that:
 - a. Meets the Criteria / Research Topics of Interest (as noted in item II)
 - b. Articulates the research objective clearly
 - c. Describes the research strategies/methodologies to be employed
 - d. Includes a project timeline with project start date, phases, and target completion
2. Provide a detailed breakdown of requested funding including amounts for Research Assistants
3. Provide current CVs of the researcher(s) who will be involved in the project
4. Include the name and contact information of the Contract Signing Officer

** The Research Proposal (items 1a through 1d) must be limited to five pages. The total number of pages for items 2 through 5 is at your discretion.*

VI. SUBMISSION INCENTIVES

ICPM will provide funding for the best qualified submissions and expects the researcher(s) to be prepared to:

1. Present their findings at an ICPM-sponsored event. Financing for travel related costs at such an event will be separate from the proposal submission. The research paper may be included in documentation to interested parties, and posted on the ICPM website.
2. Develop a non-academic, professional-oriented article (2500-5000wds) for a future issue of the *Rotman International Journal of Pension Management*. Its publication is at the discretion of the RIJPM editorial board. *We understand this should not conflict with the publication of the full research paper in an academic journal.*

3. TERMS AND CONDITIONS

1. The ICPM Research Committee reserves the right to not accept proposals submitted in response to this Open Request for Proposals, with or without reason. The Rotman School of Management, University of Toronto also reserves the right to modify a project as is deemed advisable, before funding is awarded.
2. If a submitted proposal is awarded funding, the ICPM Research Committee will require periodic status reports throughout the process.
3. The final Working Paper must be submitted in WORD format.
4. The research paper must include a credit reference as follows: Whole or partial funding for this paper has been generously provided by the Rotman International Centre for Pension Management, University of Toronto.

VII. QUESTIONS

See Appendix A – General Questions You May Have. If you have any additional questions regarding this Request for Research Paper Proposals please contact:

Ann Henhoeffter
Associate Director, Operations and Planning
Rotman International Centre for Pension Management
151 Bloor Street West, Suite 702
Toronto ON M5S 1S4
416.925.7525 icpm@rotman.utoronto.ca

If questions are posed during any of the Timeframes as noted in Section V, a consolidate Q&A will be circulated in order to ensure full disclosure.

VIII. RESOURCES

To learn more about the Centre please see the following resources:

1. **ICPM** www.rotman.utoronto.ca/icpm
2. **Previously Funded Research** <http://www.rotman.utoronto.ca/icpm/details.aspx?ContentID=82>
3. **Rotman International Journal of Pension Management**
<http://www.rotman.utoronto.ca/icpm/details.aspx?ContentID=223>

Deadline Highlights

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Research Proposal – Deadline is Monday, April 5, 2010 by 12noon EDT

Appendix A - General Questions You May Have

1. WHAT IS THE SIZE OF FUNDING AVAILABLE?

The researcher(s) must be able to cost-justify any proposal made. We have identified three budget categories for submission purposes:

- Level 1 - \$up to \$50,000 (funding is awarded in two phases)
- Level 2 - \$50,000 to \$75,000 (funding is awarded in three or four phases depending on use of Research Assistants)
- Level 3 - over \$75,000

2. WHAT KIND OF COSTS WOULD BE SUPPORTED e.g. SALARY COSTS FOR THE TIME THE ACADEMIC SPENDS ON THE PROJECT; TRAVEL COSTS; RESEARCH ASSISTANCE, etc.?

- Line items can include any of the above or similar as long as they are cost justified within the proposal.

3. WOULD ICPM CONSIDER SUPPORTING RESEARCH WHICH IS ALREADY BEING PARTIALLY FUNDED?

- Researcher(s) Section IV Proposal, sub-section 4 does not preclude ICPM from funding projects who have gained other sources of funding. Other sources of funding must be identified as part of the submitted proposal.

4. IS THERE A COMPLETION DEADLINE FOR THE RESEARCH PROPOSALS SELECTED FOR FUNDING?

- Our preference will be to award funding to research projects that are achievable within one calendar year from the date of the award. Projects that span a two year period will also be considered due to the complexity of research.
- The presentation of findings at ICPM-sponsored events and documentation for the benefit of ICPM and the *Rotman International Journal of Pension Management* are requirements of submission.

5. CONTRACTS AND INVOICES

- The proposal must clearly indicate the names of the Lead Researcher, Research Team Members (if any), and Contract Signing Officer along with complete contact information of same for the purposes of contract development in the event that the proposal is selected.
- The contract will include: names of researcher(s), contract officer, payment schedule, and deliverables.
- Invoices must include wire transfer information including the name and complete contact information of the contracting institution and the bank.