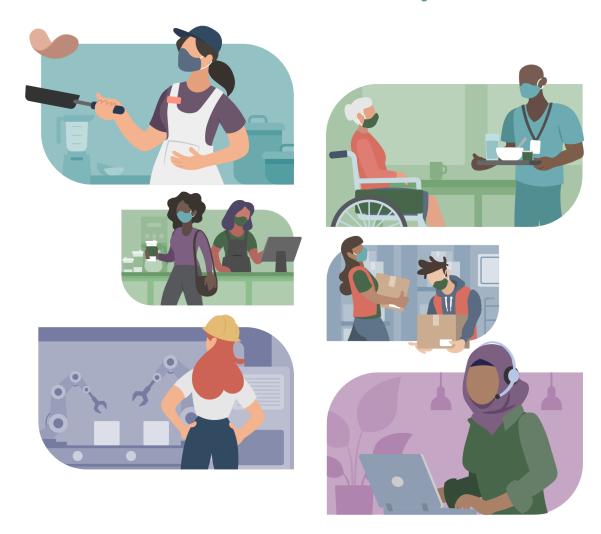


2021 Canadian Employer Pension Survey

Executive Summary



In May 2021, HOOPP commissioned a survey of 845 Canadian employers (see detailed methodology below) with Maru/Matchbox. The study sought to understand the value employers place on retirement benefits and pensions as they relate to staff recruitment, retention and employee productivity.

The results of the survey revealed that most Canadian employers recognize the connection between the financial stress faced by employees and their overall productivity. Employers who offer retirement savings benefits believe that such benefits not only help employees manage stress but are also critical to recruitment and retention. In fact, such employers report higher levels of employee productivity over the past year and greater optimism for the future. Below are key findings from the research.



- I. While it has been a difficult year with COVID-19, optimism is high among employers.
- ▶ 85% say they are optimistic they will be successful beyond 2021, including 44% who say they are highly optimistic.
- ▶ 66% of businesses say they expect revenue growth in 2021, compared to 2020.
- ► Half of all employers (47%) expect to increase their employee base in 2021, with only 5% reducing their headcount.
- II. Many employers acknowledge that benefits are important for employees' mental health and that they can positively influence productivity.
- ▶ 73% of employers agree that employees experiencing financial stress are less productive.
- ▶ 76% agree it is important to offer benefits that will reduce employees' financial stress.
- ▶ 74% say it is important to offer benefits that will reduce their day-to-day stress.
- III. Many employers recognize that offering retirement benefits helps with their recruitment and retention of employees, and important for reducing employees' stress.
- Four-in-ten employers who offer retirement benefits say they are extremely important to recruitment (42%), retention (39%) and reducing employees' stress (41%), while at least 83% who offer retirement benefits say they are extremely or very important.

- IV. Employers offering retirement benefits are more optimistic for the future and report higher employee productivity than employers who do not offer retirement benefits.
- ▶ Among companies offering any sort of retirement benefits, 44% say employee productivity has been better than normal over the past year while only 18% say it has worsened. This is significantly better than employee productivity within companies not offering retirement benefits; 29% say productivity has improved, while 23% say it has worsened.
- ► The more robust the retirement savings program, the more likely employers were to report improved productivity. Of those offering the most robust type of plan — a defined benefit pension — a net +38% reported higher productivity. (The net figure is based on the number of employers who reported higher productivity, 51%, minus those who reported reduced productivity, 13%.)
- ► For those offering defined contribution plans, a net +31% (47% - 16%) reported higher productivity. For those offering group RRSPs, the net figure was +21% (36% - 15%). And for those not offering any retirement benefit, the net figure was +7% (29% - 22%).
- V. The majority of employers acknowledge the importance of improving retirement security.
- ▶ 70% agree there is an emerging retirement income crisis.
- ► 60% say they feel responsible to help employees with retirement, given the state of retirement security in Canada.



- ► 62% agree that business leaders should engage the broader community to consider the potential business value of offering workplace retirement plans.
- ▶ 62% say that their business sector would benefit from more retirement benefit portability within the sector. Portability allows workers to transfer their retirement savings from their current workplace retirement plan to a new employer.
- VI. The majority of employers see portability of retirement benefits as very important.
- ► Most employers (58%) say portability of retirement benefits is at least very important, while just 4% prefer non-portability.
- ▶ 70% believe that governments should incent the creation of scalable and portable retirement benefits for employees.
- ► 65% say increasing retirement benefit portability would improve company and sectoral retention rates and 64% say increasing portability can dramatically increase the value of the benefit without increasing the cost.

Conclusion

While the pandemic has been difficult for many Canadian businesses, respondents to this survey were optimistic about the post-COVID future and half plan to increase their employee headcount. In this context, given employers may find themselves competing for strong talent, it is notable how important retirement savings benefits (especially pensions) are for employers that offer them.

Businesses agree that there is an emerging retirement income crisis in Canada and recognize that both the business community and government have a role to play in improving retirement security outcomes for workers.

These findings are based on a survey conducted in May 2021 online with 1,094 business owners and business decision makers, 845 of whom are employers. The margin of error for a comparable probability-based random sample of the same size is +/- 1.96%, 19 times out of 20. Sample is achieved in a generally proportional manner from all ten provinces, and targets are placed to ensure reasonable representation of businesses across revenue and employee count spectrums. This sample frame has been recognized and accepted by subscribers in various industries. including Canada's five largest banks, payment providers, large business associations and more.