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2021 Canadian Employer Pension Survey: Healthcare of Ontario Pension Plan

Fielded within Maru BizPulse Q2 2021 Study





About the study

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 it relates 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.



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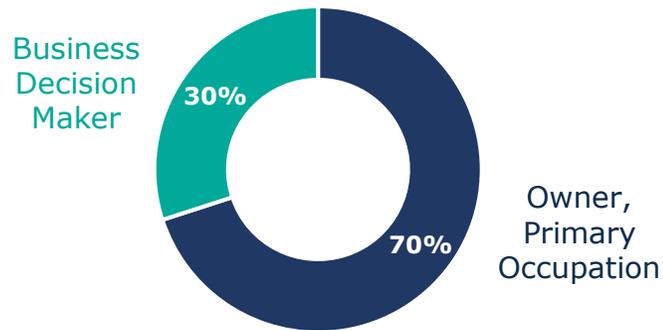
Respondent Profile



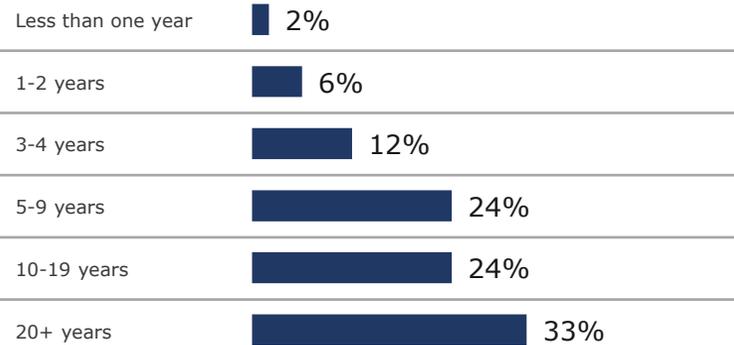


Business type, size, workplaces

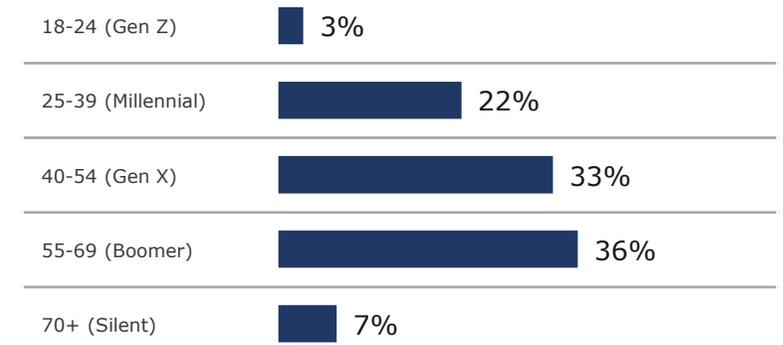
RESPONDENT OWNERSHIP STATUS



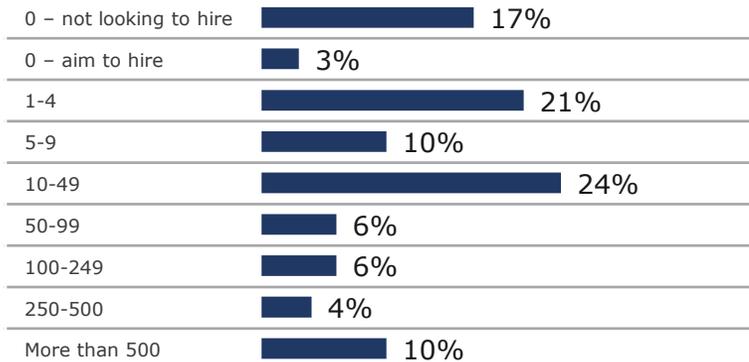
COMPANY TENURE



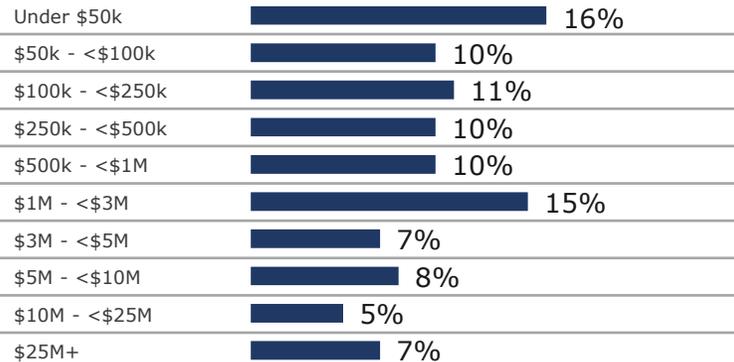
AGE OF OWNER



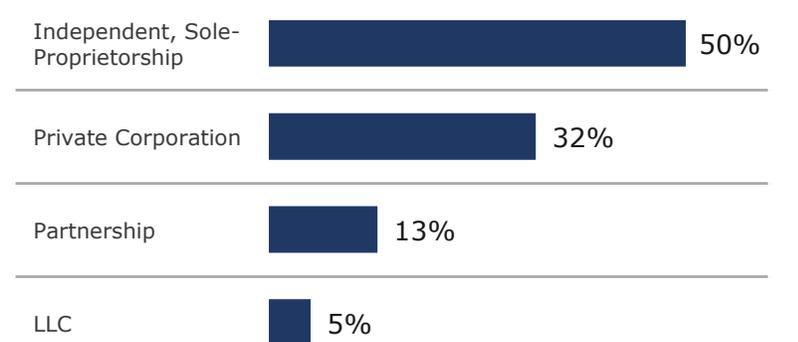
NUMBER OF EMPLOYEES



ANNUAL REVENUE (MOST RECENT FY)

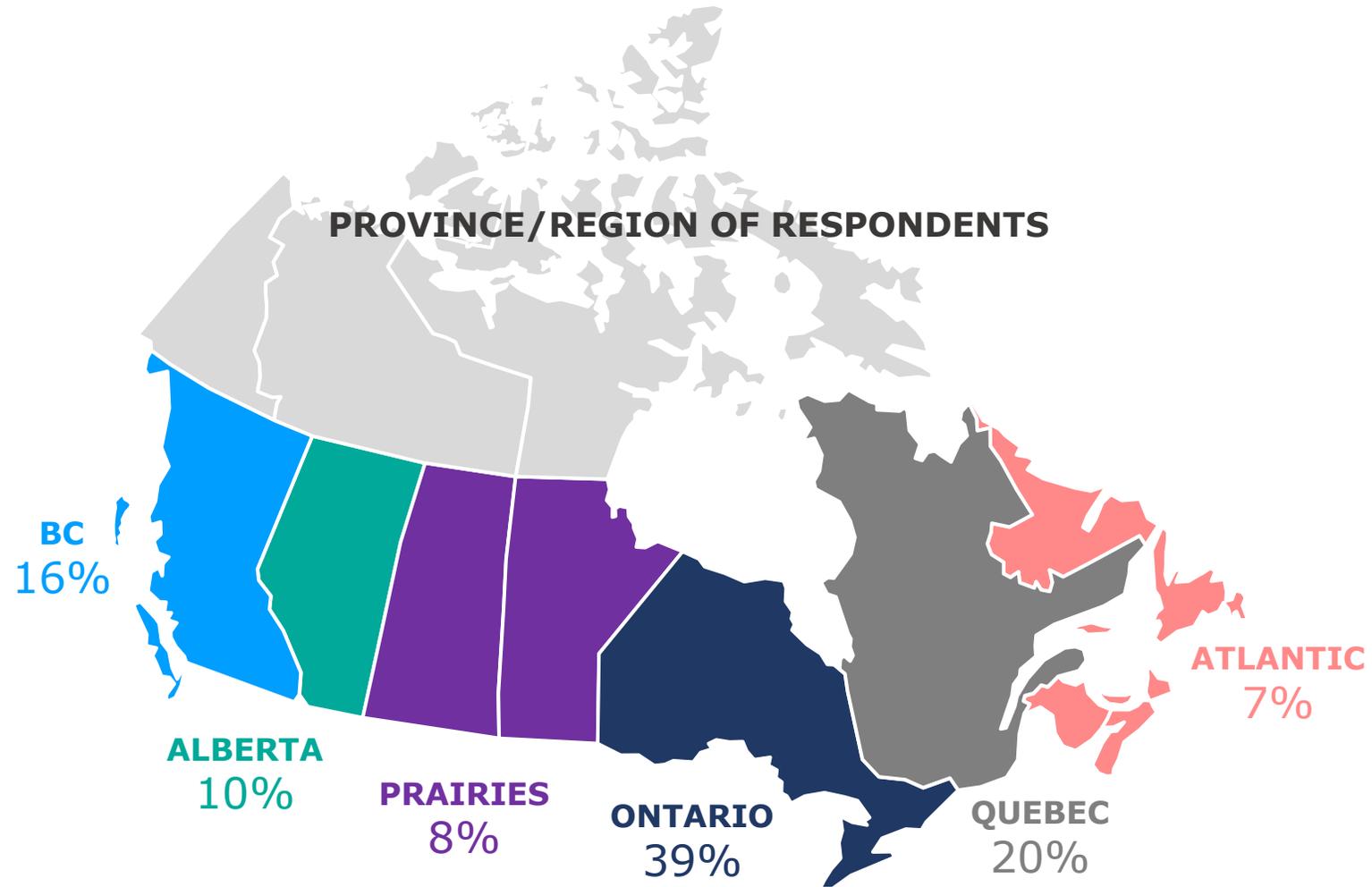


OWNERSHIP TYPE





Province/region



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Key Findings





Post-COVID optimism, hiring

While it has been a difficult year with COVID-19, optimism is high among those employers who were able to weather the storm.

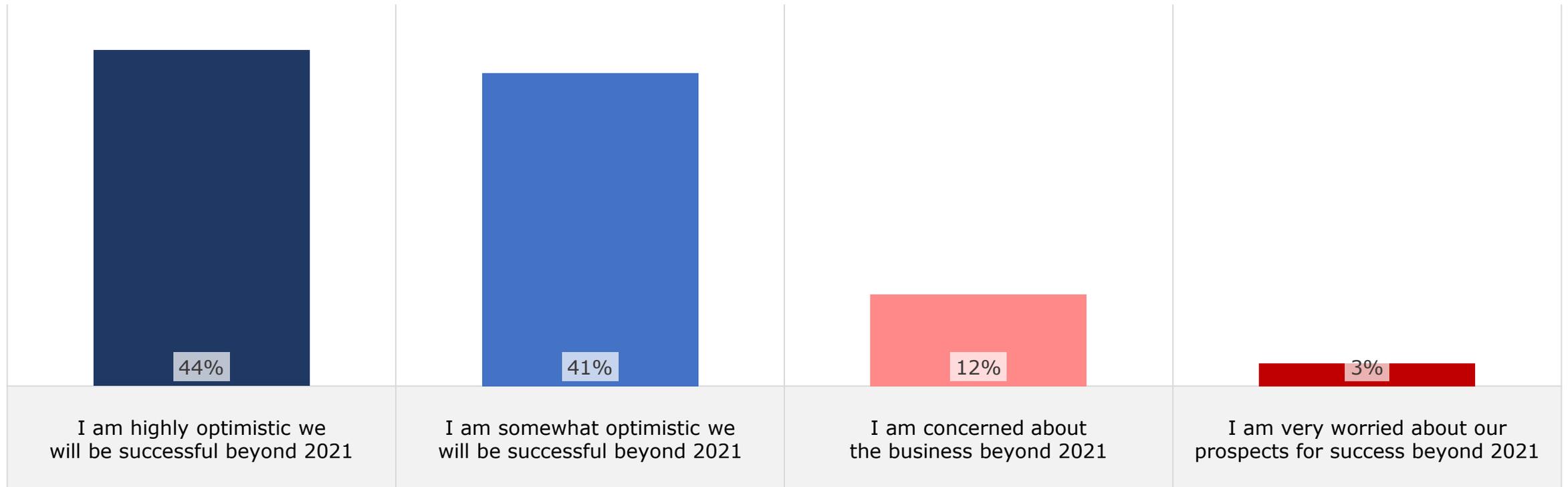
- 85% say they are optimistic they will be successful beyond 2021, including 44% who say they are highly optimistic.
- 66% of businesses say they expect revenue growth in 2021, compared to 2020.
- Half of all employers (47%) expect to increase their employee base in 2021, with only 5% reducing their headcount.



Eight-in-ten entrepreneurs are optimistic for their business beyond 2021

- While overall more than eight-in-ten (85%) are optimistic, this optimism is tempered for about four-in-ten (41%) – they say they are *somewhat optimistic*, rather than *highly optimistic*.
- Roughly one-in-six businesses (15%) say they are concerned about business beyond 2021, including 3% who are very worried.

OPTIMISM FOR THE FUTURE BEYOND 2021

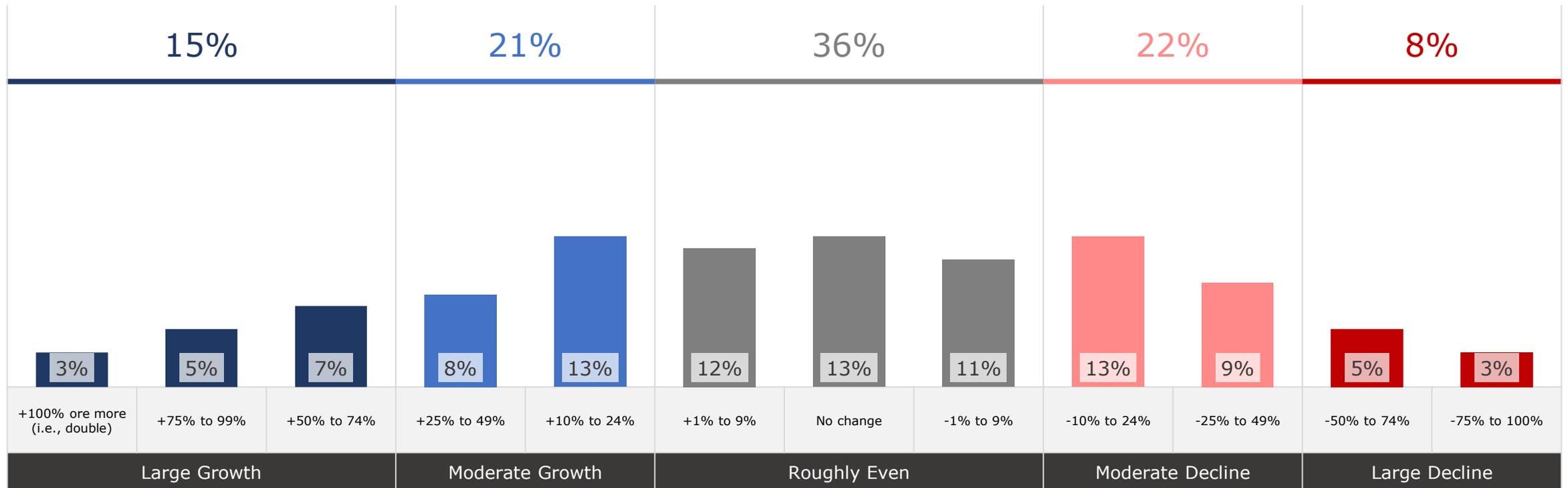




Among businesses still active, four-in-ten are trying to rebound from revenue contraction in 2019

Among companies still in business, 41% say revenues declined in 2020, while 48% say revenues increased. Overall, revenue was up an average of 8% in 2020, vs. 2019 (this is only among businesses that survived – those that went out of business during 2019 would not be included in this sample).

2020 REVENUE VS. 2019

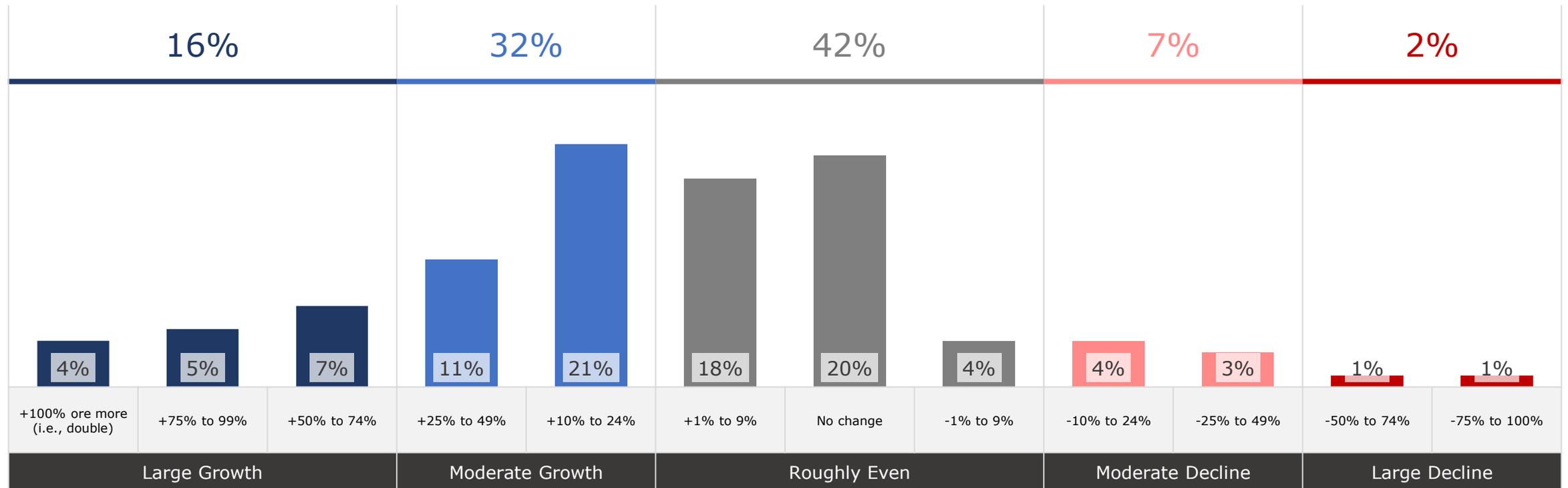




Canadian businesses are optimistic about 2021 revenue growth, predicting 17% growth (on average)

66% of Canadian businesses expect growth in 2021, including 16% who anticipate large growth of 50% or more vs. 2020 revenues. 13% expect revenue declines. Overall, the average business owner predicts revenue growth of 17% in 2021, vs. 2020.

PREDICTIONS FOR 2021 REVENUE

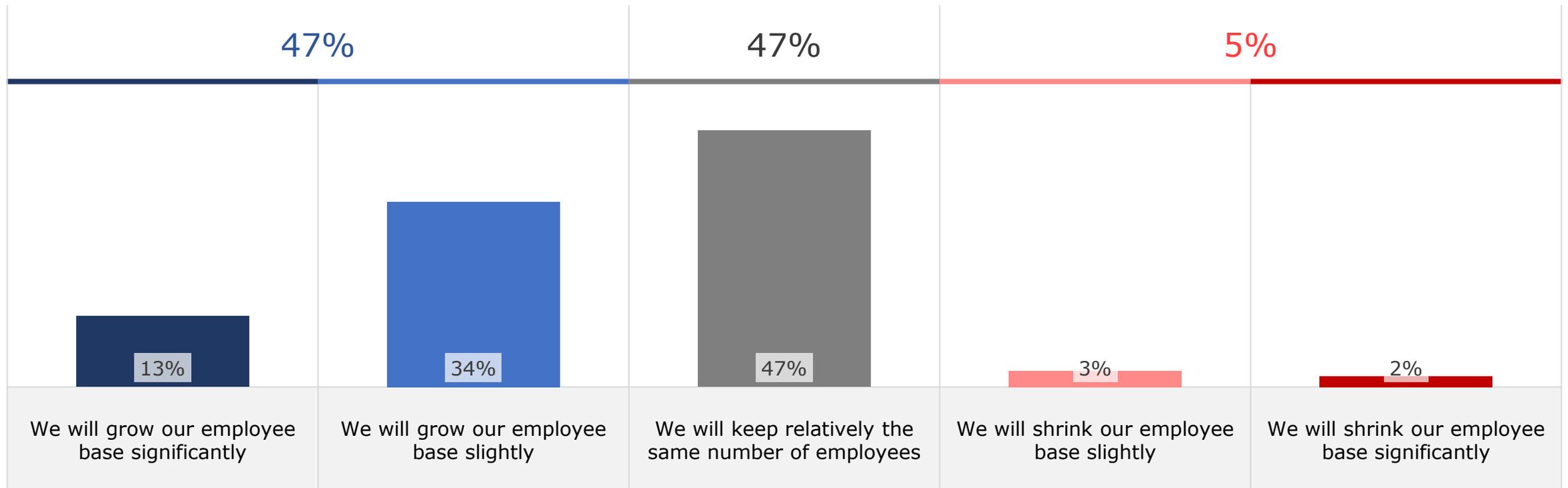




Nearly one-half of employers predict growing their employee base in the next year; very few predict shrinkage

One in ten Canadian employers plan to grow their employee base significantly.

PREDICTED CHANGE TO EMPLOYEE BASE IN THE NEXT YEAR (among employers)





Stress and productivity connected

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.

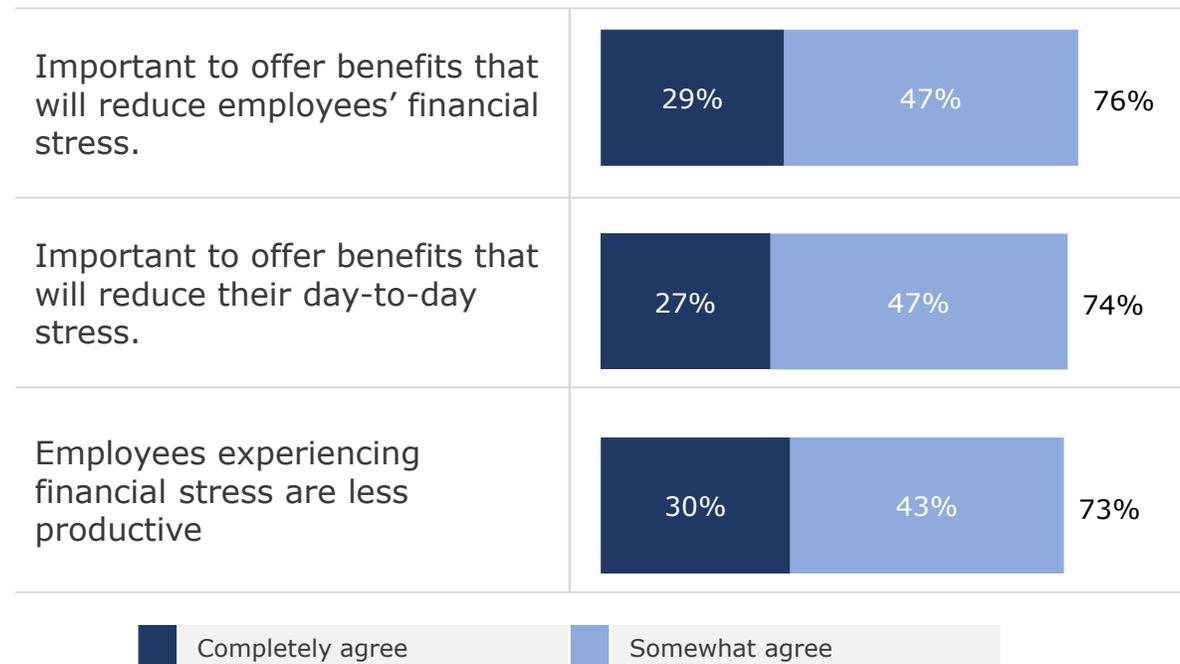


Three-quarters of employers say it is important to offer benefits that will reduce financial stress and day-to-day stress of employees

- Most employers agree that employee stress reduces productivity.

AGREEMENT WITH STATEMENTS (among employers)

More Than Two-Thirds Agreement





Retirement benefits very important to recruitment, retention and stress management

Many employers recognize that offering retirement benefits helps with their recruitment and retention of employees.

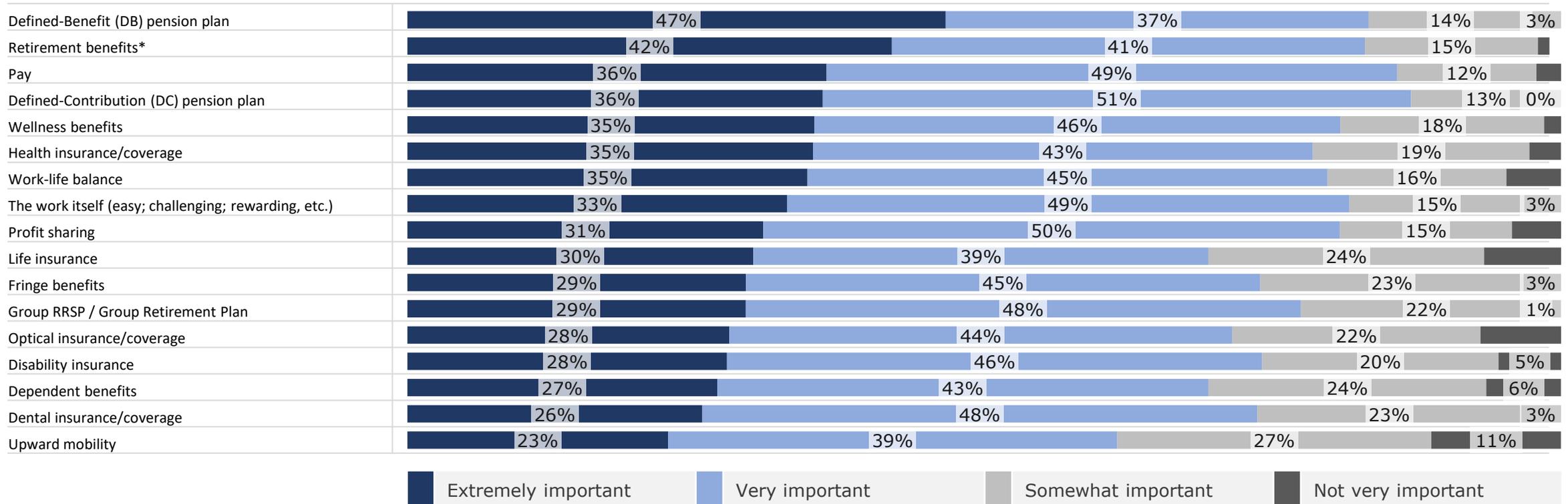
- Four-in-ten employers who offer retirement benefits say they are extremely important to recruitment (42%), retention (39%) and reducing employees' stress (41%), while at least 83% who offer retirement benefits say they are extremely or very important.



Employers identify a range of benefits important to recruitment, led by *pension, pay, and wellness benefits*

- Each item tested is seen as extremely or very important to recruitment by more than one-half of companies offering them.
- Defined-Benefit and Defined-Contribution pension plans are each offered by fewer employers than many other benefits, however those who do offer them see them as being vital to recruitment.

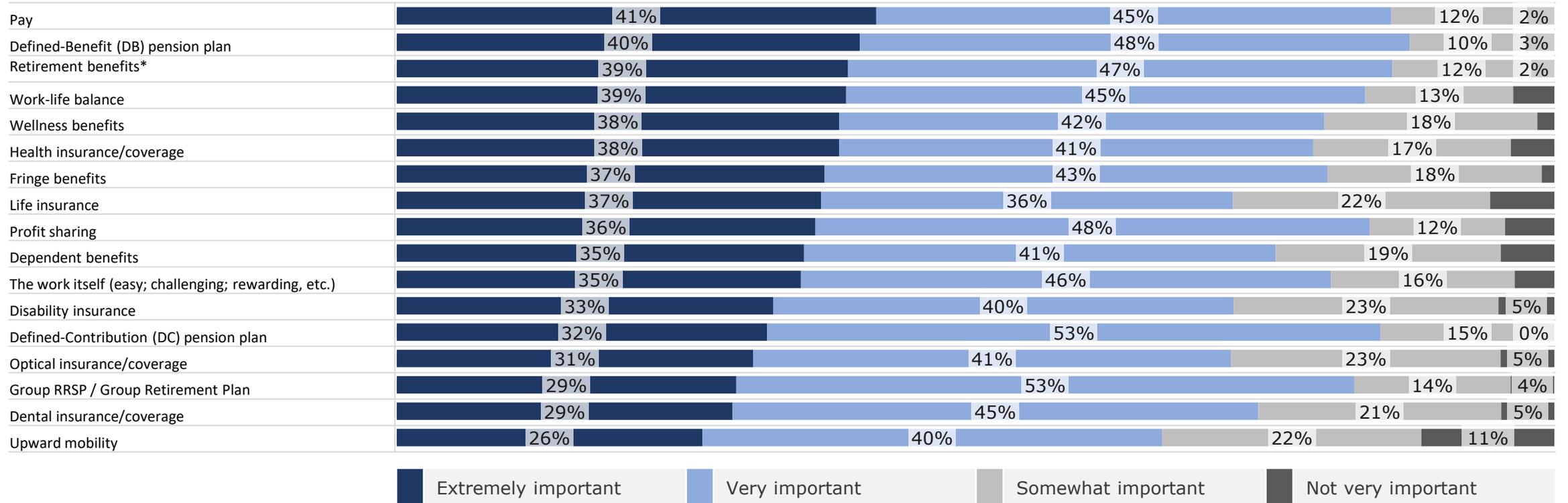
IMPORTANCE FOR RECRUITMENT (among businesses providing benefits)





Pay is seen as the most important factor in retention; retirement benefits, work-life balance, and wellness benefits are important

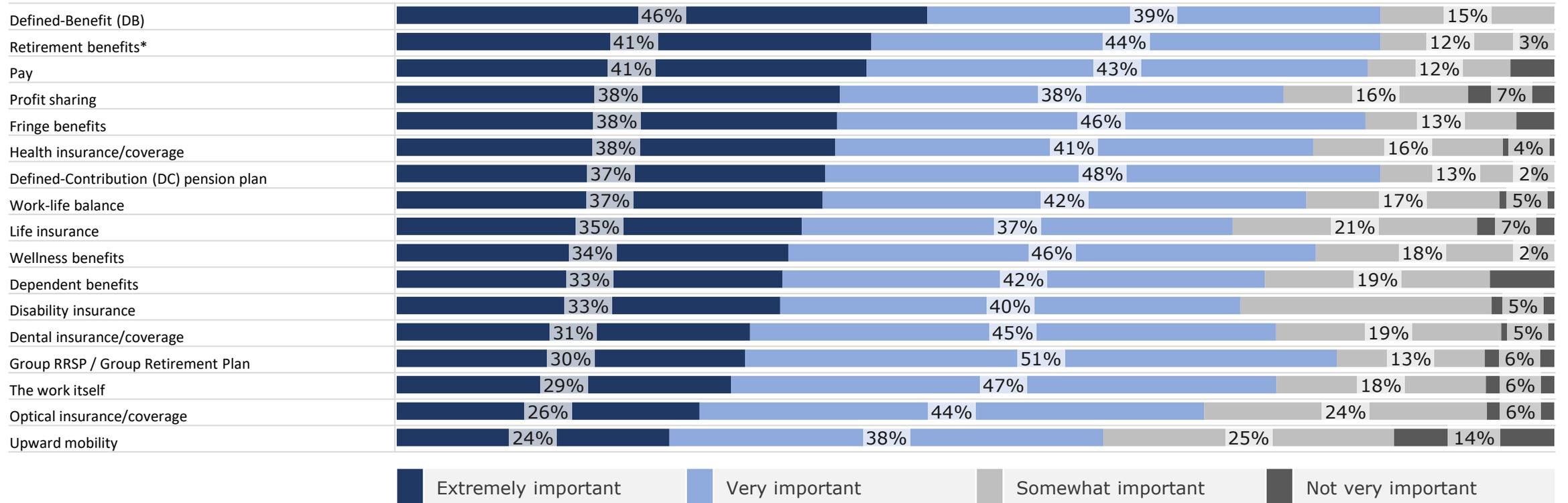
IMPORTANCE FOR RETENTION (among businesses providing benefits)





Employers identify a range of benefits important to reducing financial stress, led by *retirement benefits, pay, and profit sharing*

IMPORTANCE FOR REDUCING/MANAGING EMPLOYEES' FINANCIAL STRESS (among businesses providing benefits)



The value of offering retirement benefits

Employers offering retirement benefits are more optimistic for the future and report higher employee productivity than employers who do not offer retirement benefits.

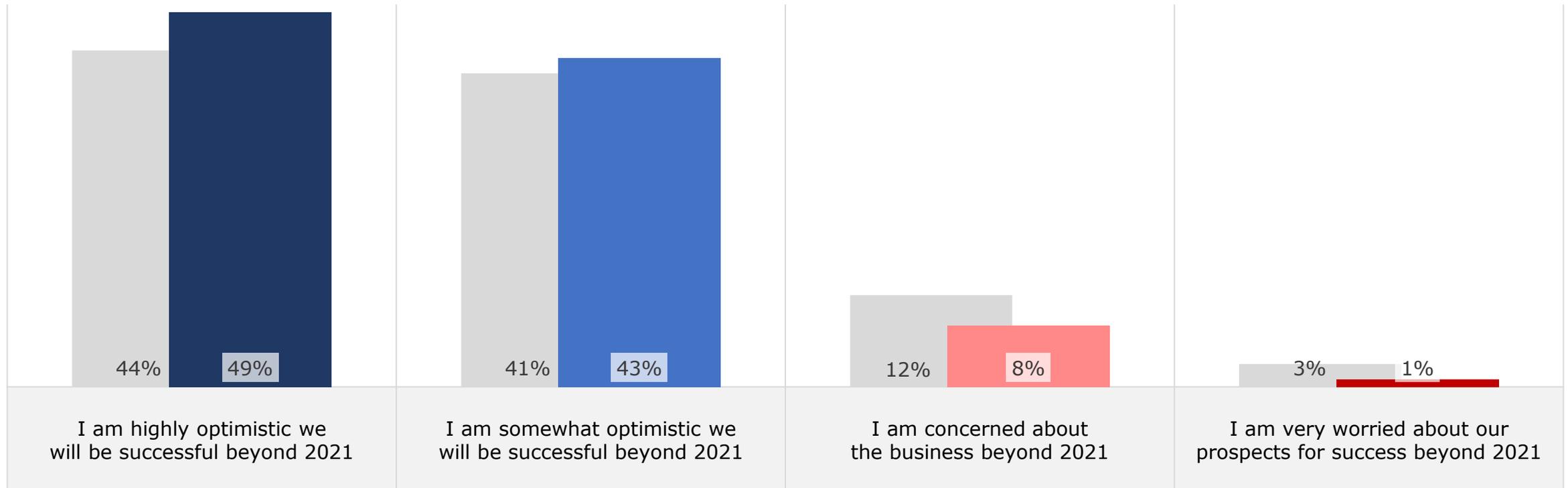
- Among companies offering any sort of retirement benefits, 44% say employee productivity has been better than normal over the past year while only 18% say it has worsened. This is significantly better than employee productivity within companies not offering retirement benefits; 29% say productivity 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%).
- Offering dental or health benefits, or not, is not positively associated with productivity.



Companies offering retirement benefits are even more optimistic for the future than others

Most Canadian companies are optimistic for the future beyond 2021. But, this optimism is even higher among those offering retirement benefits; 92% are somewhat or highly optimistic about their success beyond 2021, compared with 85% among Canadian businesses overall.

OPTIMISM FOR THE FUTURE BEYOND 2021

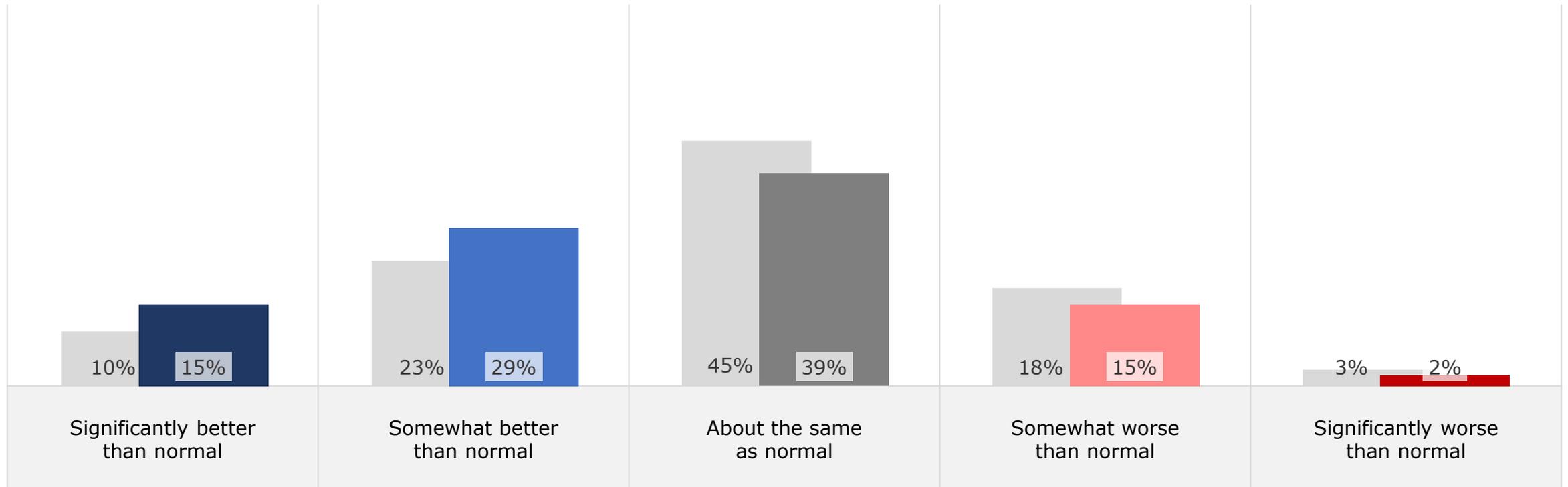




Productivity through the pandemic was more likely to improve for employers offering retirement benefits

Among businesses that offer retirement benefits, 44% say their employee productivity has improved over the past year, compared with just 33% among companies overall.

EMPLOYEE PRODUCTIVITY DURING PANDEMIC (among employers)

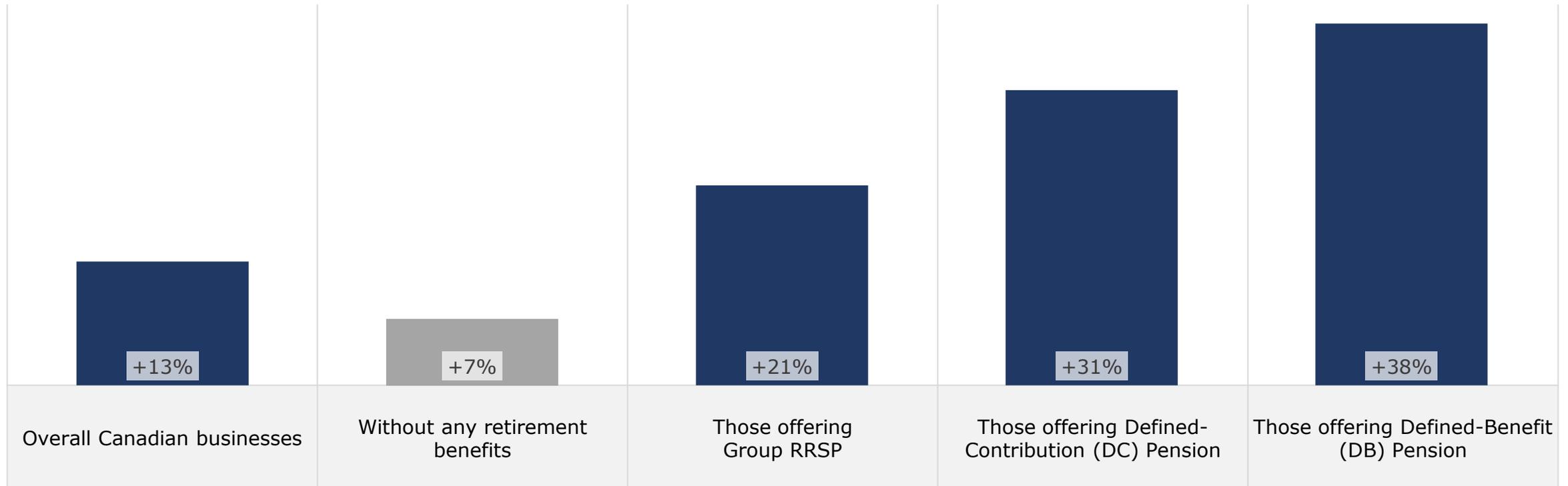




Greater employee productivity associated with (robustness of) retirement benefits

- Companies offering retirement benefits have seen greater productivity increases than Canadian businesses overall, during the pandemic.
- Among those offering DB pension plans, 51% say their productivity has increased vs. just 13% who say it has declined. This has resulted in the largest net productivity increase as compared with those offering DC or RRSPs.

EMPLOYEE PRODUCTIVITY DURING PANDEMIC: NET POSITIVE CHANGE
(% of employers saying their productivity improved over the last year minus the % saying it declined)

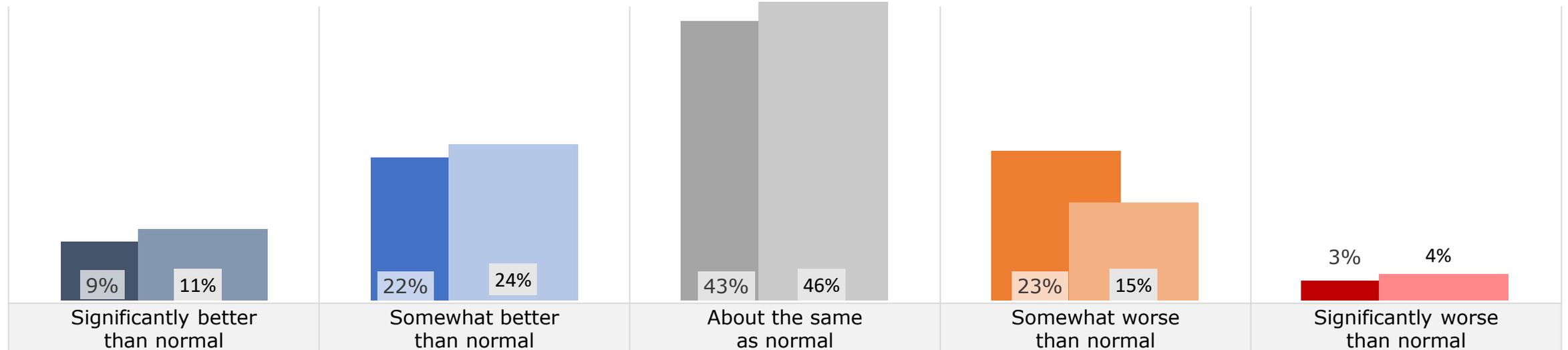
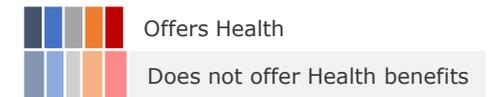




Perceived productivity is similar among employers who offer health benefits and those who don't

No significant changes seen in productivity of employees among those who receive health benefits and those who don't.

EMPLOYEE PRODUCTIVITY DURING PANDEMIC | AMONG THOSE WITH/WITHOUT HEALTH BENEFITS

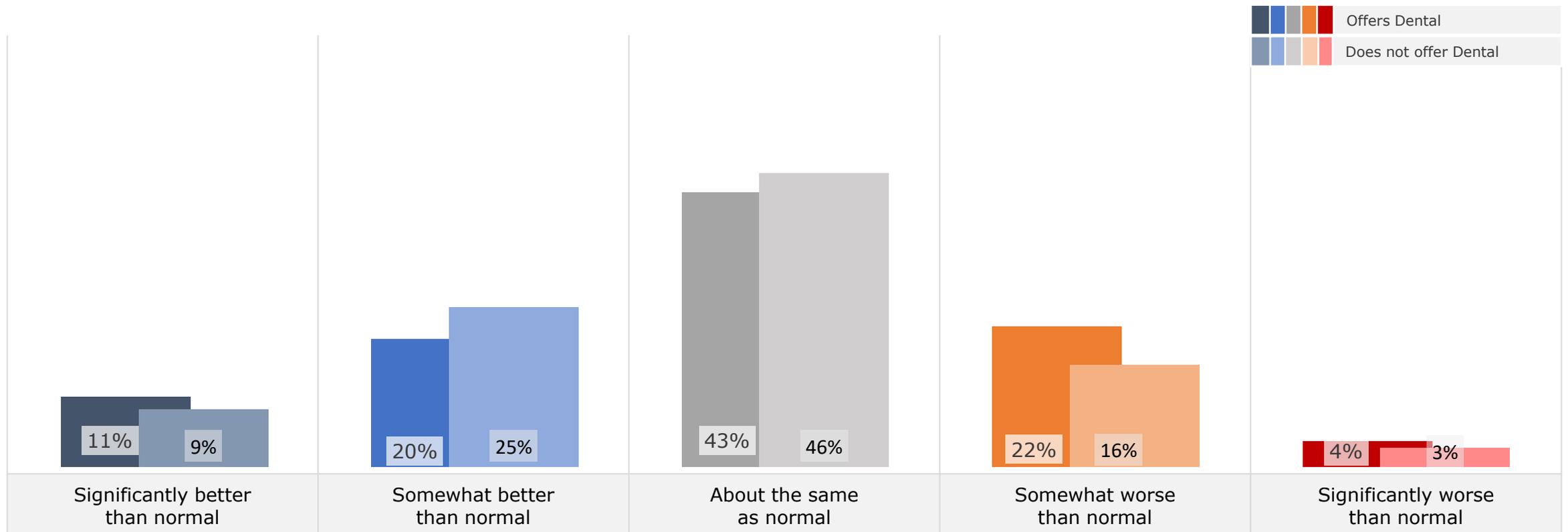




Similarly no significant changes in productivity levels are reported by employers who offer dental vs don't

No significant changes seen in productivity of employees among those who receive dental benefits and those who don't.

EMPLOYEE PRODUCTIVITY DURING PANDEMIC | AMONG THOSE WITH/WITHOUT DENTAL BENEFITS





Employers' views on retirement security

The majority of employers acknowledge the importance of improving retirement security.

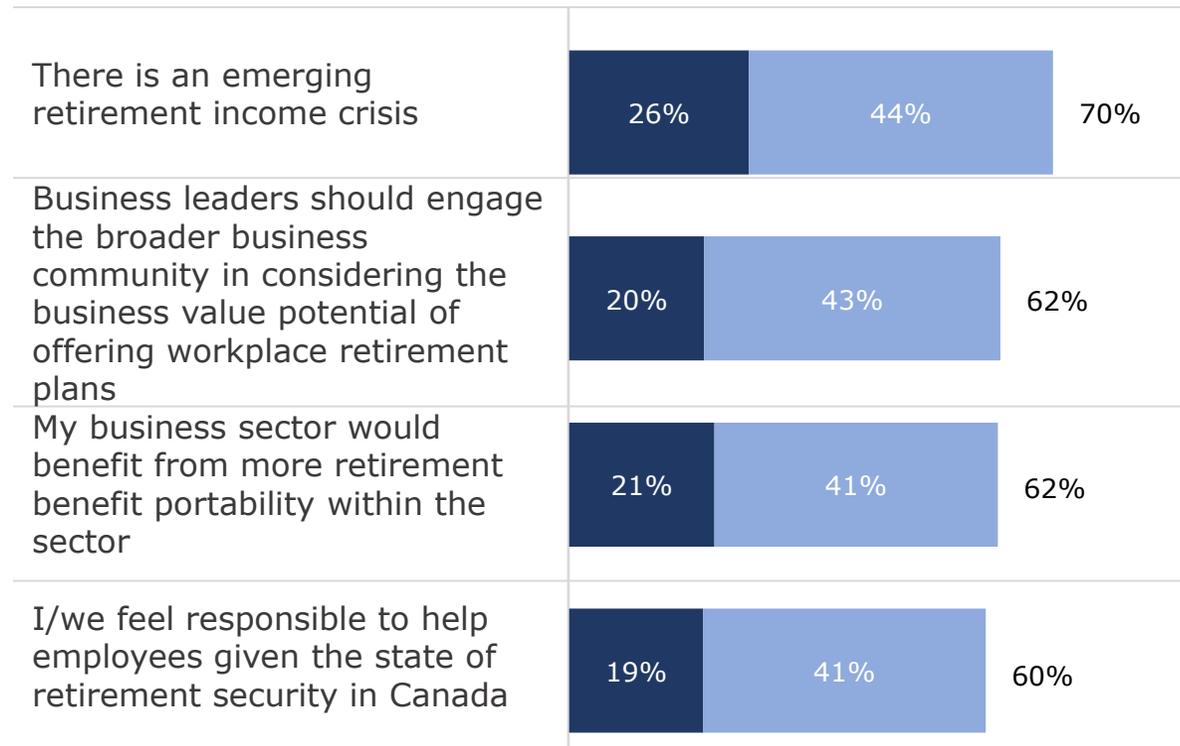
- 70% agree there is an emerging retirement income crisis.
- 60% say they feel responsible to help employees with retirement, given the state of retirement security in Canada.
- 62% agree that business leaders should engage the broader community to consider the potential business value of offering workplace 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.



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AGREEMENT WITH STATEMENTS (among employers)





Retirement benefit portability

The majority of employers see portability of retirement benefits as very important.

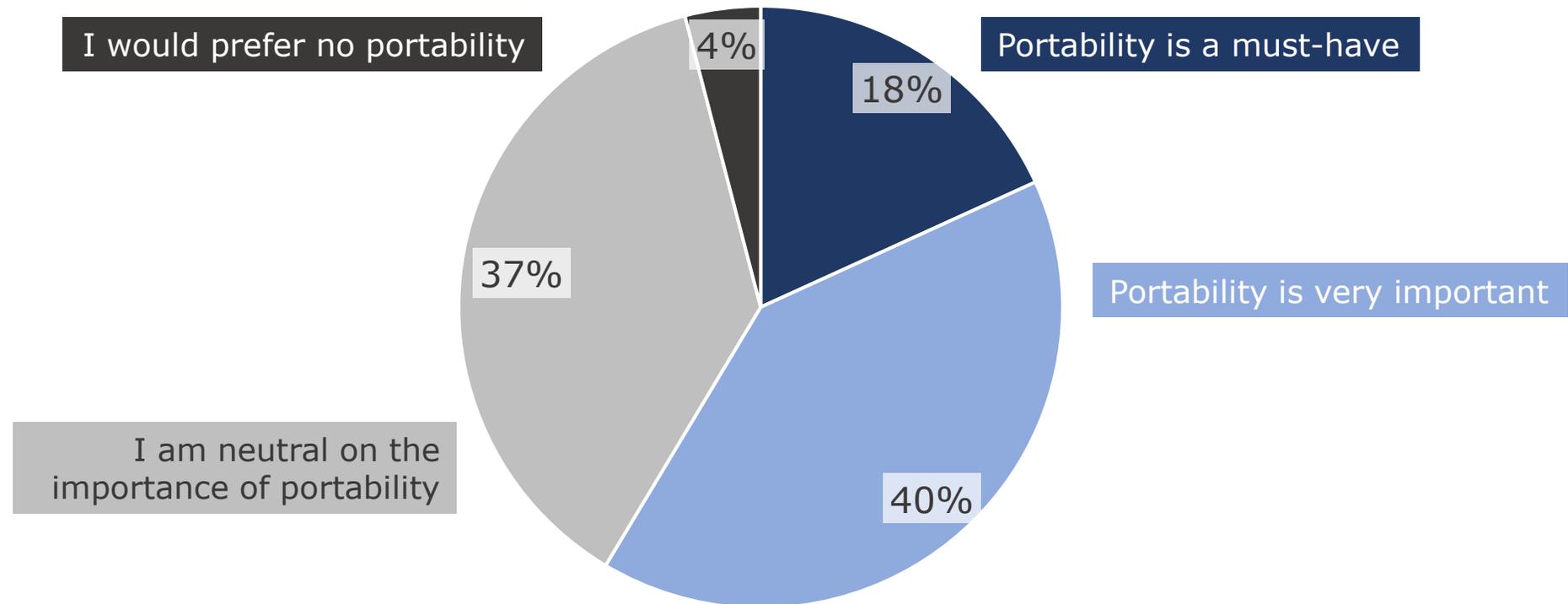
- Most employers (58%) say portability of retirement benefits is at least very important, while just 4% prefer non-portability.
- 70% agree that governments should incent the creation of scalable and portable retirement benefits for employees.
- 65% say increasing retirement benefit portability would improve company and sectoral retention rates and 64% say increasing portability can dramatically increase the value of the benefit without increasing the cost.



Portability is seen as important for more than one-half of employers; very few prefer no portability

- Nearly six-in-ten employers say that portability would be a must-have or very important when offering retirement benefits to employees, while just 4% would prefer to not have portability.

IMPORTANCE OF PORTABILITY IN RETIREMENT BENEFITS (among employers)

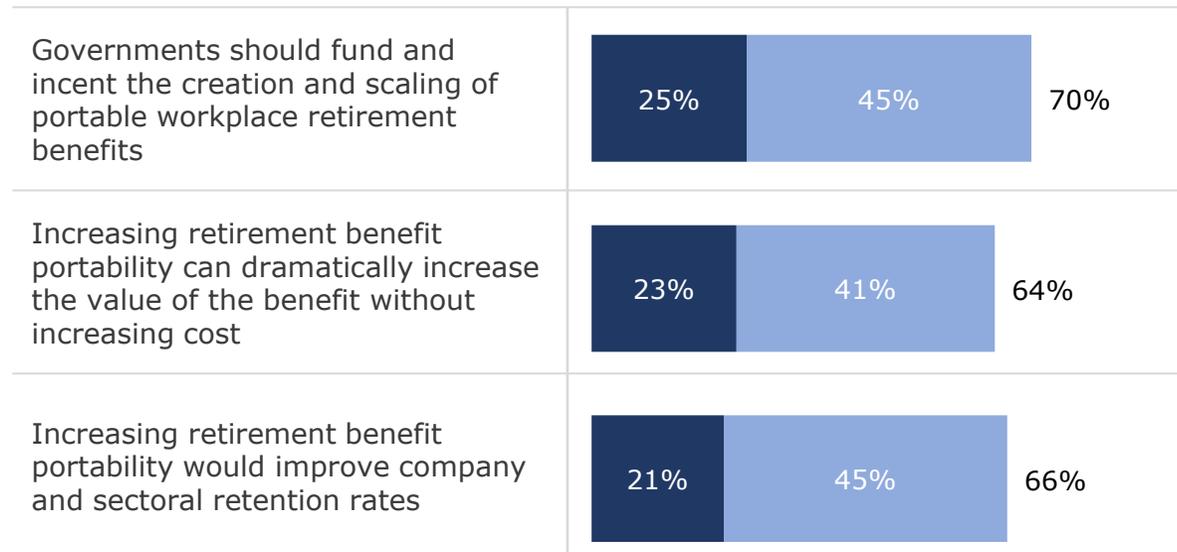




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AGREEMENT WITH STATEMENTS (among employers)

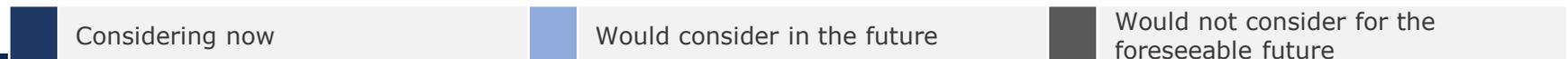
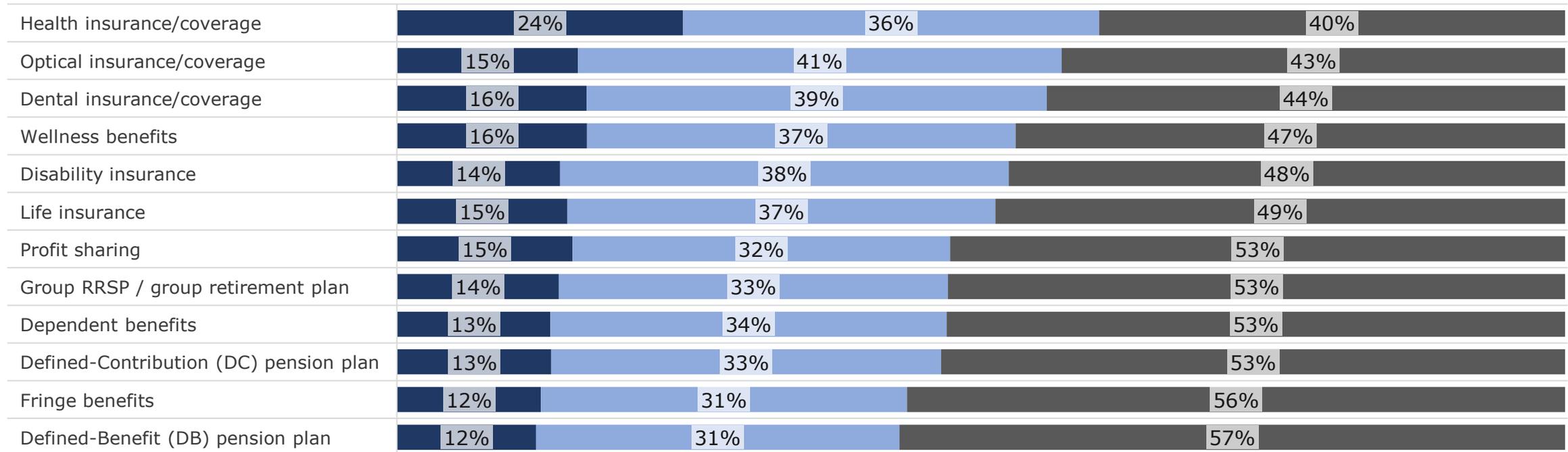




Fewer than one-quarter of companies that do not offer benefits are considering offering those benefits at the current time

- More than one-half of companies that are not currently offering such benefits, say they are or would consider offering *health insurance/coverage, optical insurance/coverage, dental insurance/coverage, wellness benefits, disability insurance, and life insurance.*
- Just over one-in-ten who are not offering such pension plans are currently considering DB and/or DC pension plans, while more than four-in-ten say they would potentially consider in the future.

CONSIDERATION OF OFFERING BENEFITS (among those not currently offering each benefit)



Which of the following benefits are you considering, or would you consider for your employees?
n=466-676



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.



Methodology

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 the revenue and employee headcount 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.

Numbers in this report may not always add up, due to rounding.

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