

WORKPLACE PENSIONS
IN DECLINE

RELIANCE ON GOVT GROWS
WITH COVID-19

WHAT IS THE STORY?

ABACUS DATA

DETAILED RESULTS FOR ALL OF CANADA

NATIONAL SURVEY ON CANADIANS' PREPAREDNESS FOR RETIREMENT

CONDUCTED FOR HOOPP

RESEARCH AND ANALYSIS FROM CANADA'S LEADING PUBLIC AFFAIRS AND
MARKET RESEARCH EXPERTS



METHODOLOGY

The survey was conducted with **3,500** Canadian adults between May 27 and June 5, 2020. A random sample of panelists were invited to complete the survey from a set of partner panels based on the Lucid exchange platform. These partners are typically double opt-in survey panels, blended to manage out potential skews in the data from a single source.

The margin of error for a comparable probability-based random sample of the same size is +/- 1.63, 19 times out of 20.

The data were weighted according to census data to ensure that the sample matched Canada's population according to age, gender, educational attainment, and region. Totals may not add up to 100 due to rounding.

EXECUTIVE OVERVIEW:

I. PENSIONS & PANDEMIC: COVID-19 is having a real impact on Canadians' finances. As concerns around health and safety fade, the economic fallout and resulting anxiety is increasing. 57% assess their financial situations as harmed by COVID-19. Canadians are increasingly thinking about the implications COVID-19 has had on their retirement security and the value of their investments/savings.

II. PERSONAL SAVING: Just under half have set aside money for retirement in the past year and of those who didn't, most have never saved anything at all for retirement. Canadians with a workplace pension framework of any sort were twice as likely to have set aside money than Canadians without. Those who have not saved tend to live paycheque to paycheque, have little information on, or engagement with, how much they should be saving; or are simply procrastinating, believing they have time to save money later.

EXECUTIVE OVERVIEW:

III. RETIREMENT & PENSION PERSPECTIVES: Canadians continue to see an erosion in workplace pensions, and foresee a retirement crisis as a result. They also say there are long term micro and macro economic impacts of good pensions (or a lack thereof). There is strong support across demographics for universal access to efficient and affordable retirement savings arrangements.

Canadians are willing to do their part. **4 in 5 Canadians** would prefer their employer contribute to a (better) pensions plan, than receive that money as salary. This holds true even for those Canadians that have been financially impacted a great deal by COVID-19. In addition, **3 in 4 Canadians** would accept a slightly lower salary in exchange for a better (or any) pension plan.



DETAILED RESULTS: COVID-19 STATE OF MIND

ABACUS DATA

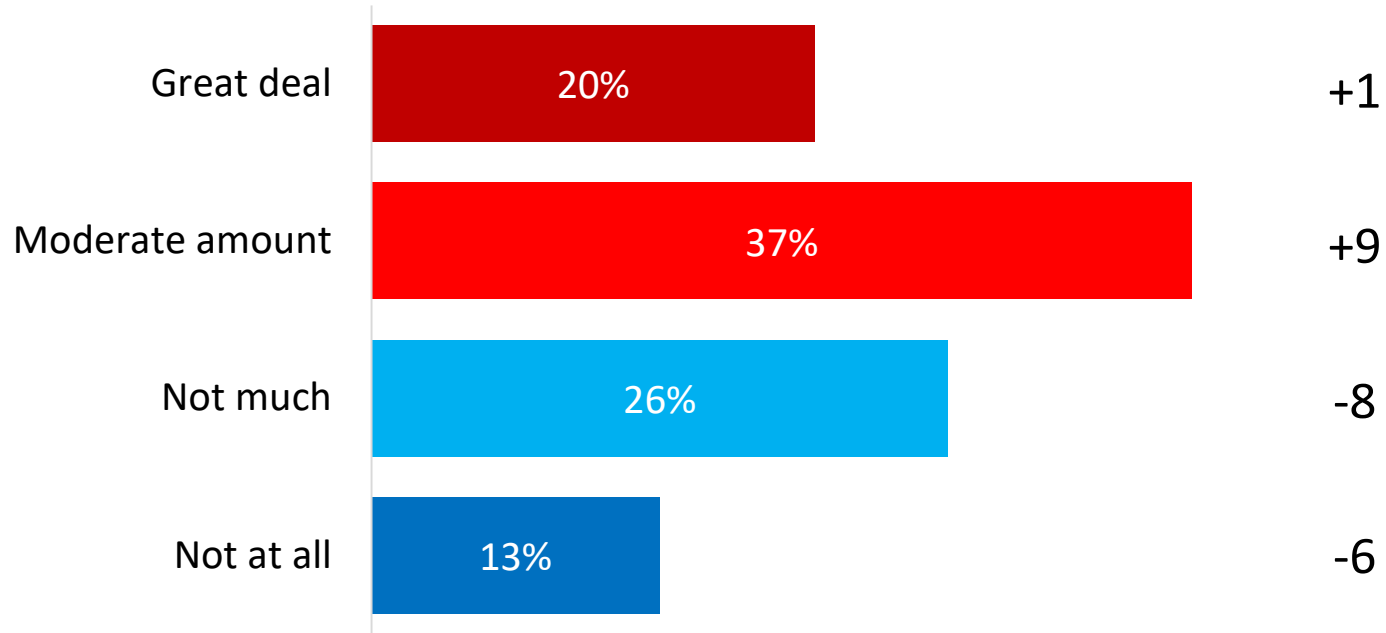


COVID-19 STATE OF MIND

- Canadians continue to be actively worried about COVID-19 (93%), and for many this worry is increasingly about the impacts COVID-19 is having on their personal finances (57%).
- Tracking from earlier in the pandemic, Canadians are undergoing a shift where they are less concerned about their personal health and safety (-7 to 70%) and that of their families (-6 to 79%), and increasingly concerned about their investments/savings (+3 to 62%) and their retirement security post COVID-19 (+5% to 55%).
- Majorities see COVID-19 impacting the value of their investments/savings (61%), half see an impact on their retirement security/pension plan's sustainability, and 40% believe their job security is affected.
- Most Canadians agree that COVID-19 has decimated both the savings of Canadians, but also the operating budgets/cash reserves of employers.

FINANCES HARMED BY COVID-19

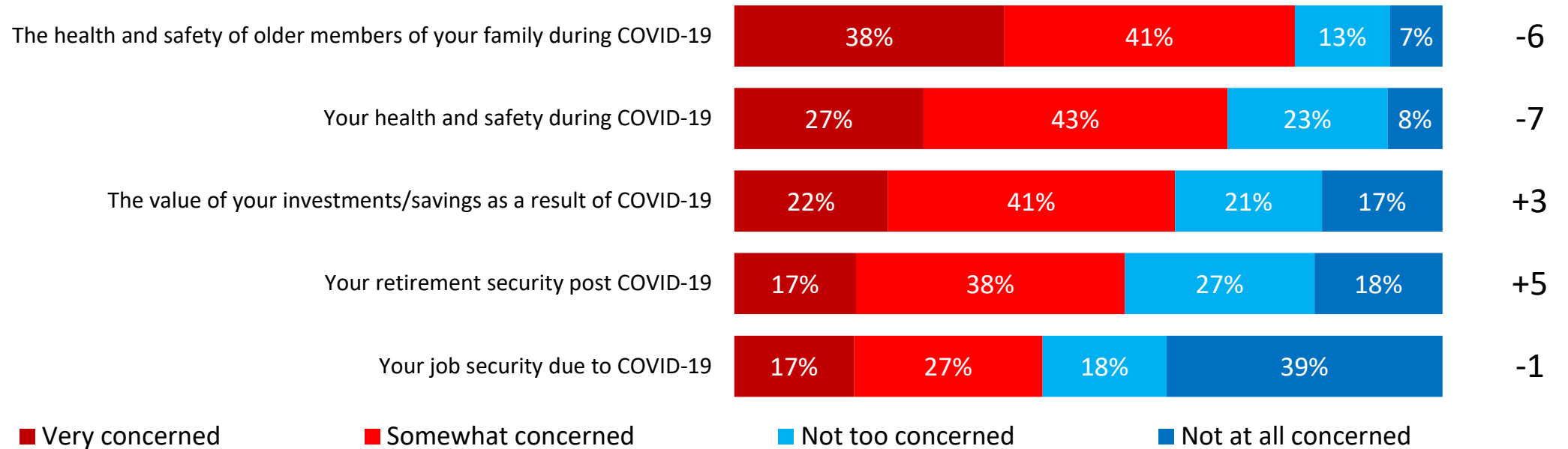
% Change from April 2020



How much do you think your own financial situation has been harmed by the events since March 2020, when the COVID-19 spread began?

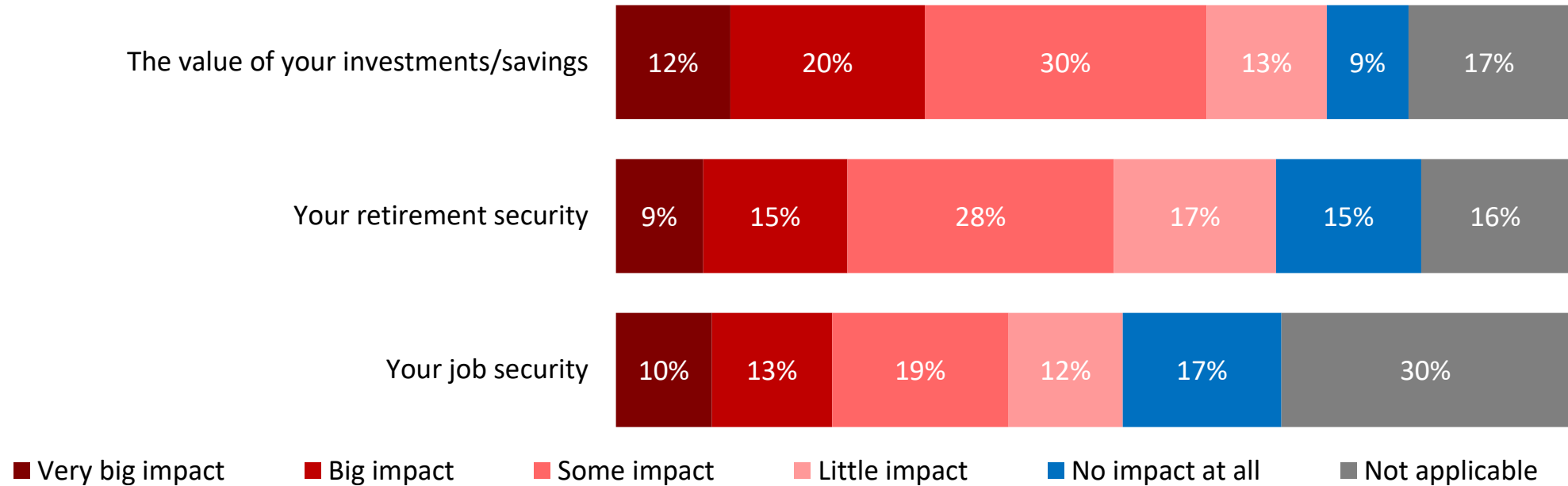
CONCERN ABOUT THE FOLLOWING DURING COVID-19

% Change in Very/Somewhat concerned from April 2020



How concerned are you about each of the following?

IMPACT OF COVID-19 ON THE FOLLOWING



How much do you think each of the following have been impacted by the events following March 2020?



SAVINGS

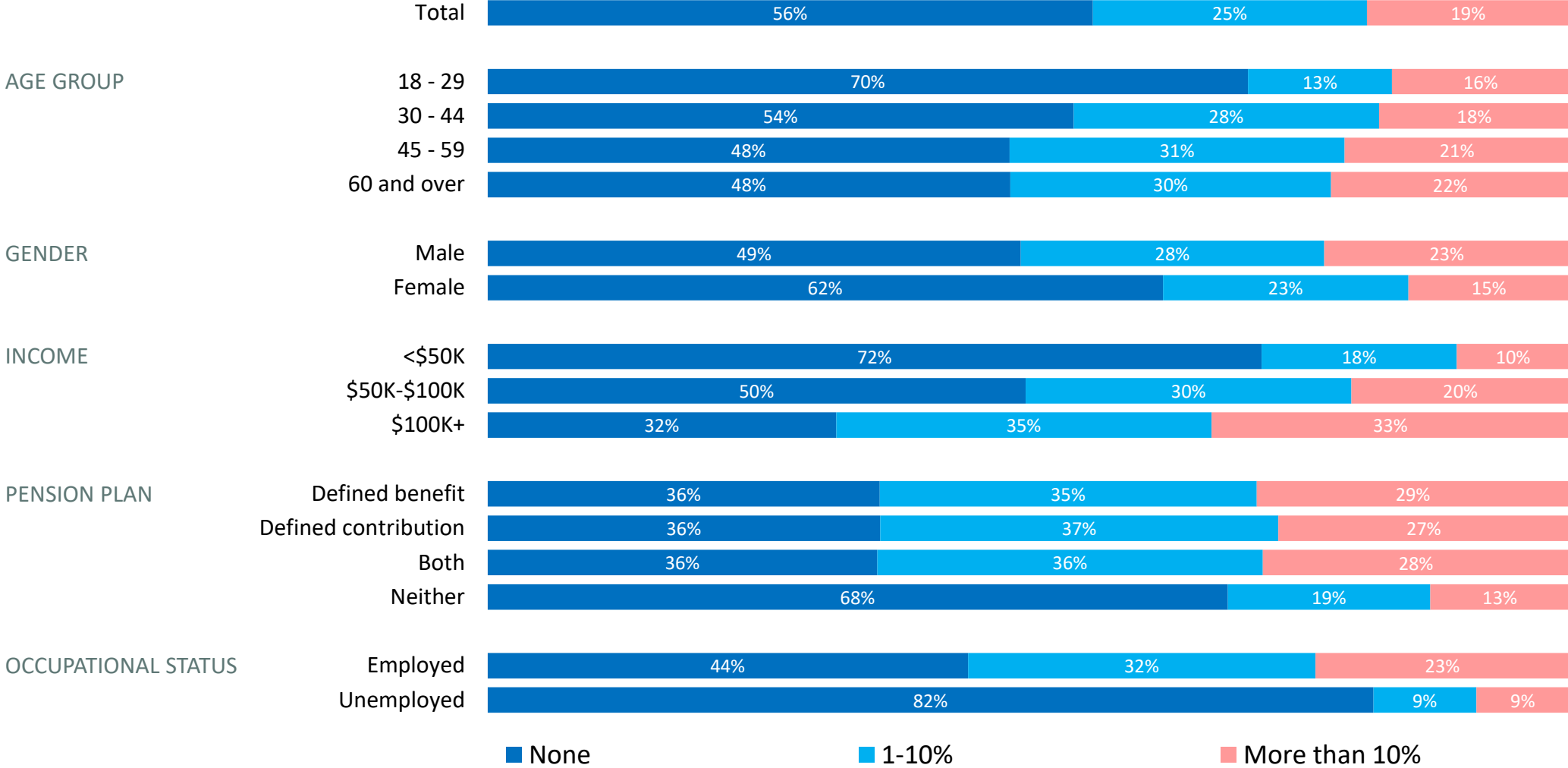
ABACUS DATA



KEY FINDINGS

- Most Canadians have not set aside or saved anything for retirement in the past year (56%), especially under 30 year-olds, 70% of whom have set aside nothing.
- Canadians without a pension plan are twice as likely to have set aside nothing for retirement (68%) than Canadians with a pension (36%).
- Most Canadians across income brackets consider saving for their retirement to be important or urgent. But even one third of higher income Canadians didn't put any money aside for retirement last year.
- Those who have not saved tend to live paycheque to paycheque, are low information (not sure about how much they need to save, haven't bothered), or believe they have time to save money later.

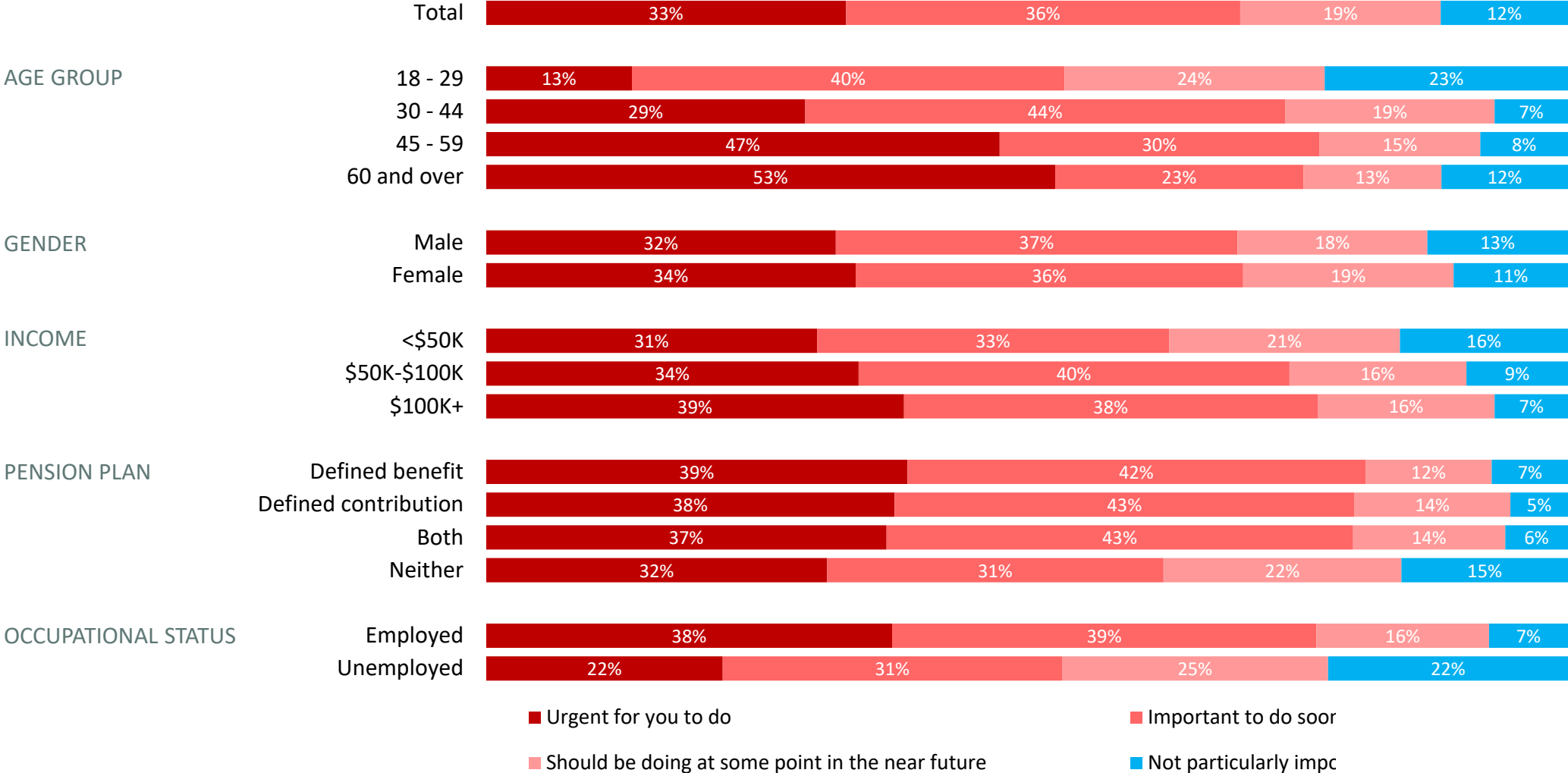
MOST HAVE NOT PUT INCOME ASIDE FOR RETIREMENT THIS YEAR



What percentage of your annual income would you say you set aside or saved over the past year for retirement?



URGENCY OF SAVING FOR RETIREMENT

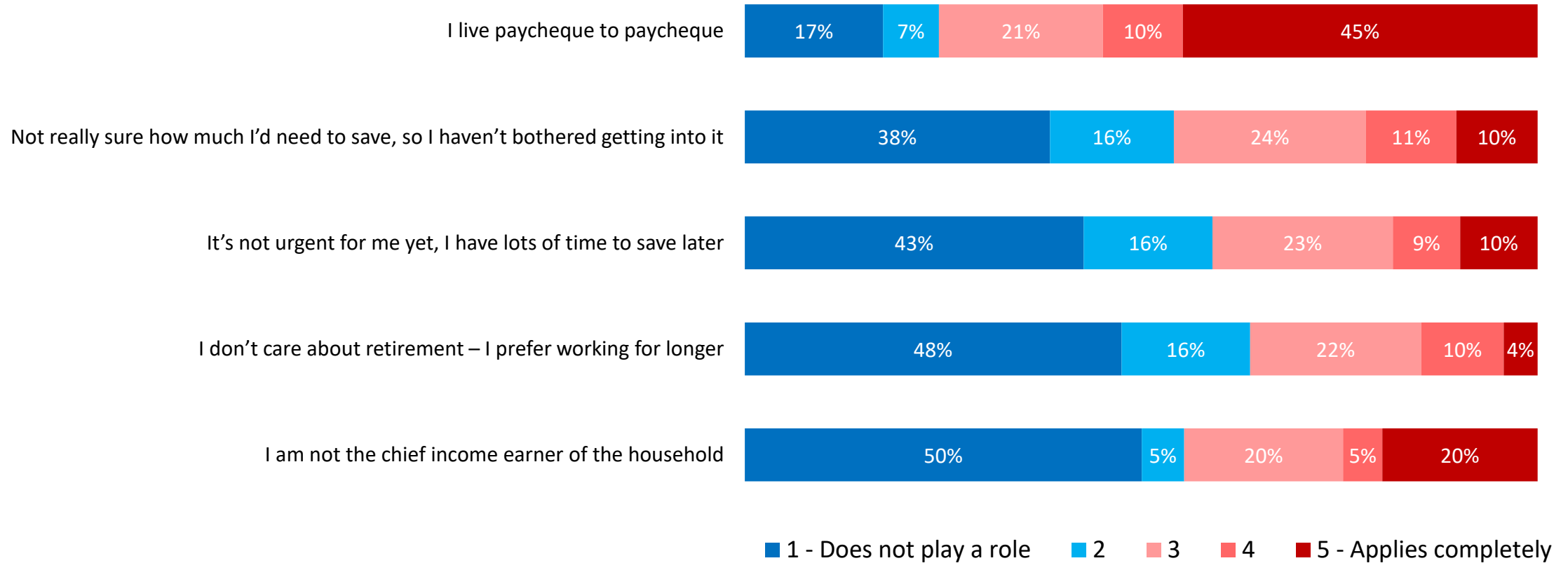


Thinking of saving for retirement generally, is this something you feel is...



REASONS FOR SAVING/NOT SAVING FOR RETIREMENT

HAVE NEVER SET ASIDE MONEY FOR RETIREMENT



Below are a number of reasons you might have saved or not saved for retirement yet. Which of the following apply to your circumstance?

RETIREMENT & PENSION PERSPECTIVES

ABACUS DATA

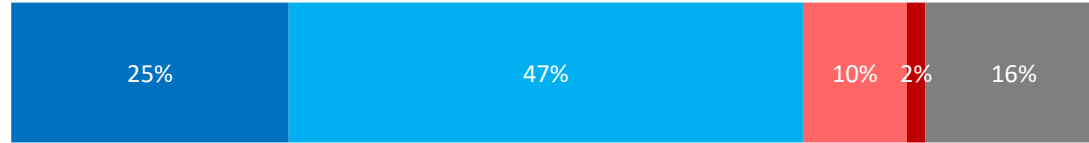


KEY FINDINGS

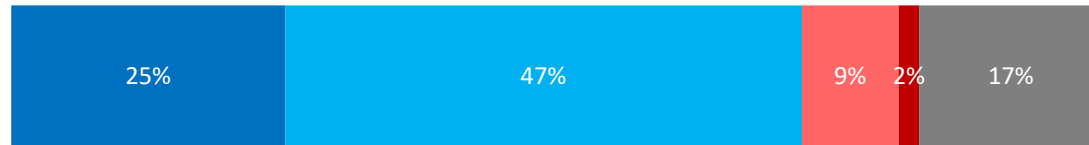
- Most Canadians agree there is an emerging retirement income crisis (72%). Agreement has modestly softened from last year, likely a result of other more acute concerns around the pandemic. This agreement is stable across age, gender, income and political affiliation.
- Canadians believe saving for retirement is prohibitively expensive (67%), workplace pension coverage erosion will make Canadians' retirement quality plummet (72%), and moreover they believe this matters, because according to many Canadians, the health of workplace pensions drives the health of the economy (56%).
- Anxiety around the retirement crisis today is especially driven by Canadians who have experienced big financial impacts as a result of COVID-19.

AGREE/DISAGREE STATEMENTS

The shrinking of workplace pension coverage will make [province] residents retirement quality plummet



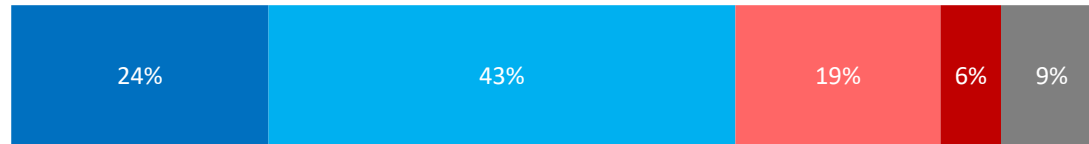
There is an emerging retirement income crisis



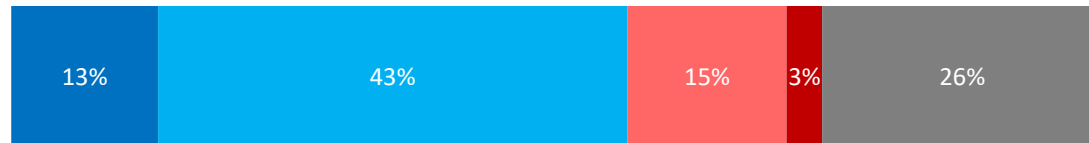
% Change in "Agree" from 2019

-5

Saving for retirement is prohibitively expensive



The health of workplace pensions drives the health of [province]'s economy



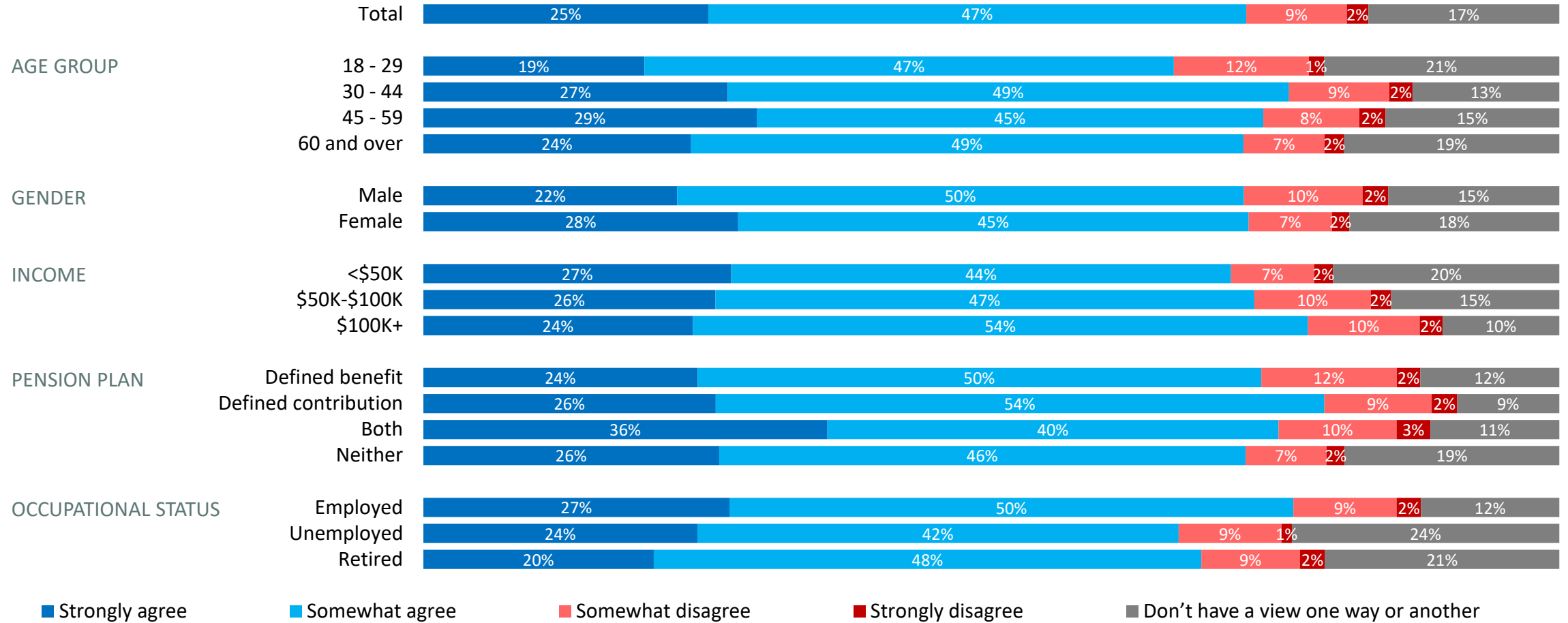
■ Strongly agree
 ■ Somewhat agree
 ■ Somewhat disagree
 ■ Strongly disagree
 ■ Don't have a view one way or another

Do you agree or disagree that...?



AGREE/DISAGREE STATEMENTS

THERE IS AN EMERGING RETIREMENT INCOME CRISIS

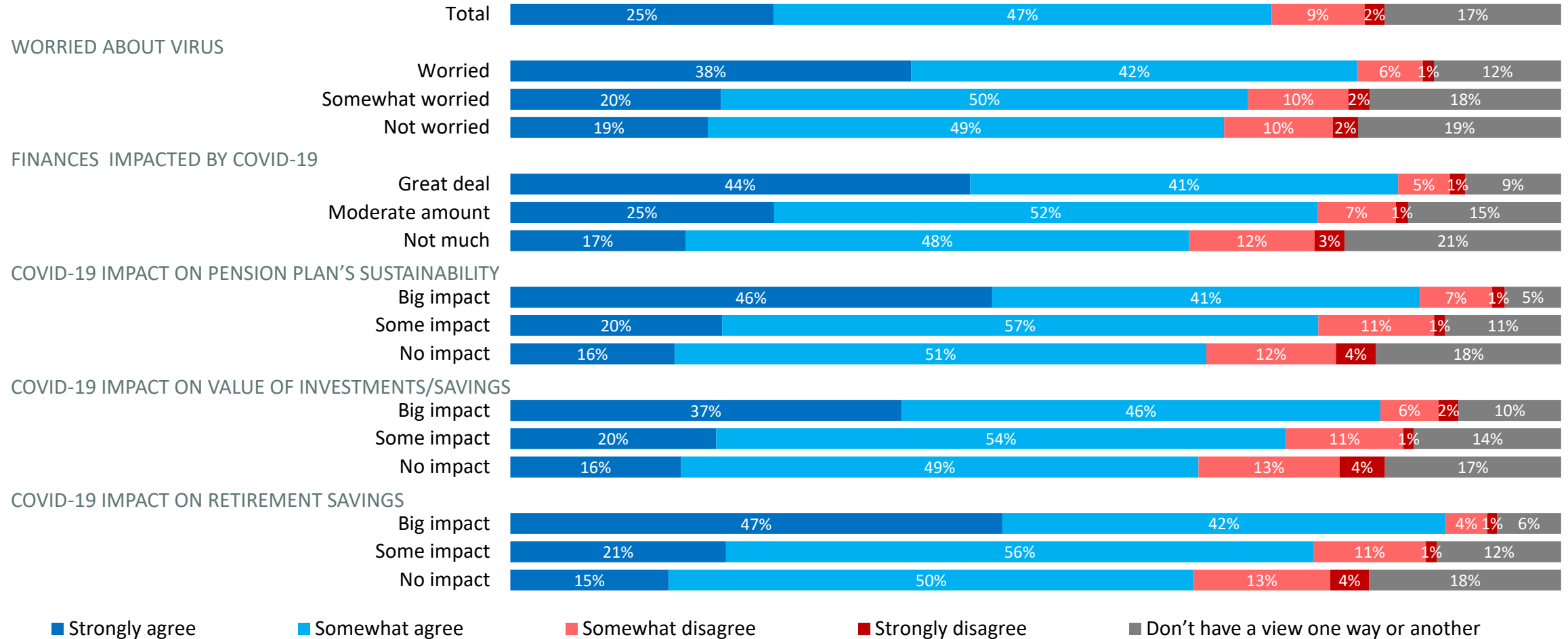


Do you agree or disagree that...?



AGREE/DISAGREE STATEMENTS

THERE IS AN EMERGING RETIREMENT INCOME CRISIS



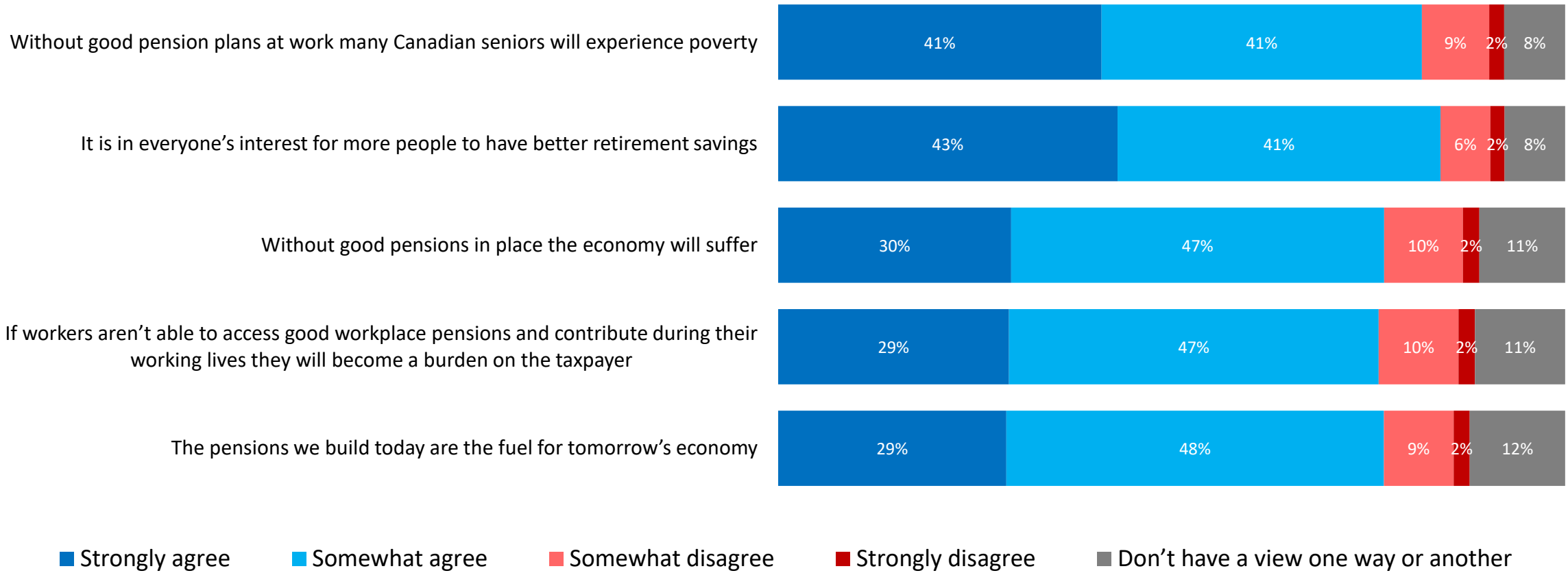
Do you agree or disagree that...?



KEY FINDINGS

- Strong majorities of Canadians say that without good pensions many seniors will experience poverty, workers will become a burden on the taxpayer and the economy will suffer.
- There is strong support that all workers should have access to an efficient and affordable retirement savings arrangement.
- Over two in three Canadians are worried that fewer people have workplace pensions and agree that we have a moral obligation to ensure our children have pensions like their parents and grandparents had.
- Regardless of their income or personal pension situation, over three quarters of Canadians say all Canadians should have a pension that provides a guaranteed percentage of their working income in retirement.

LONG TERM PENSION IMPACTS

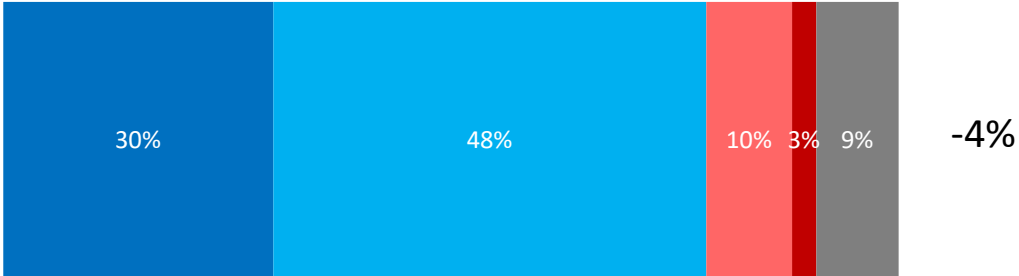


Do you agree or disagree that...?

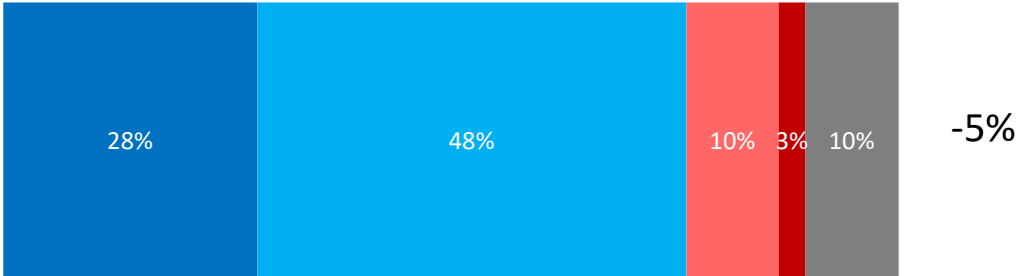
PENSIONS COSTS AND EFFECTIVENESS

% Change in "Agree" from 2019

Reasonable pay cheque deductions are an effective way of helping Canadians save for retirement



Companies have a responsibility to offer a pension plan that workers can access in order to have adequate retirement income

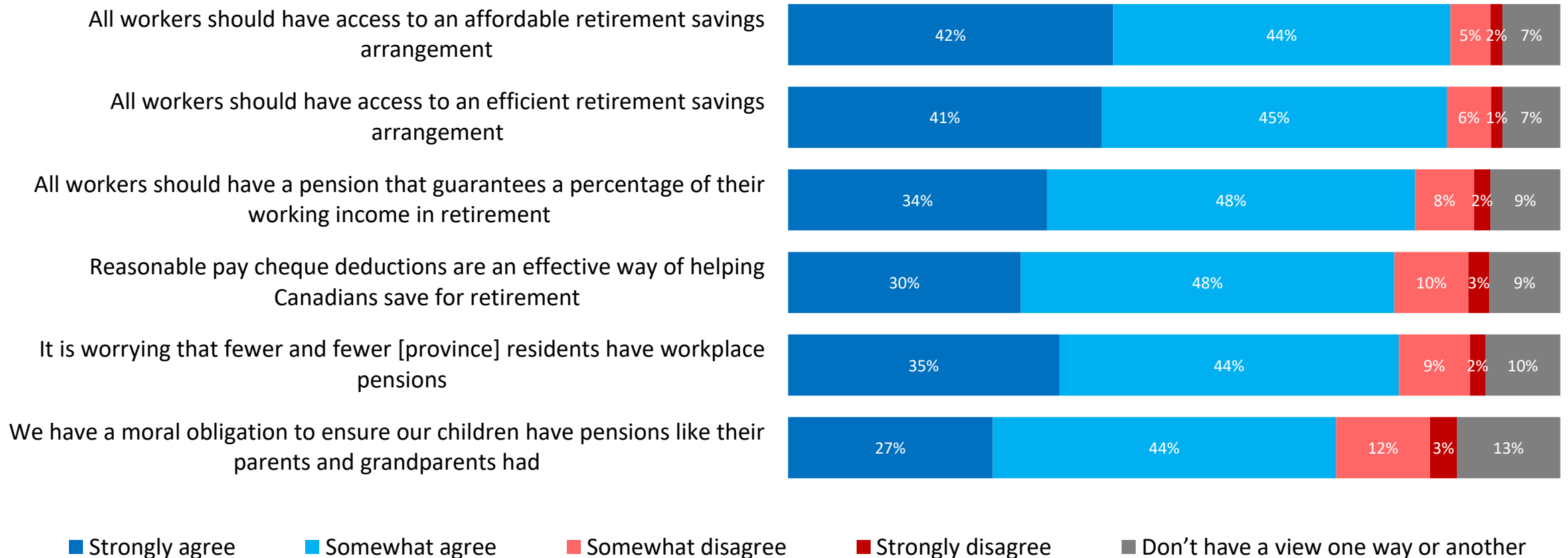


■ Strongly agree
 ■ Somewhat agree
 ■ Somewhat disagree
 ■ Strongly disagree
 ■ Don't have a view one way or another

Do you agree or disagree that...?

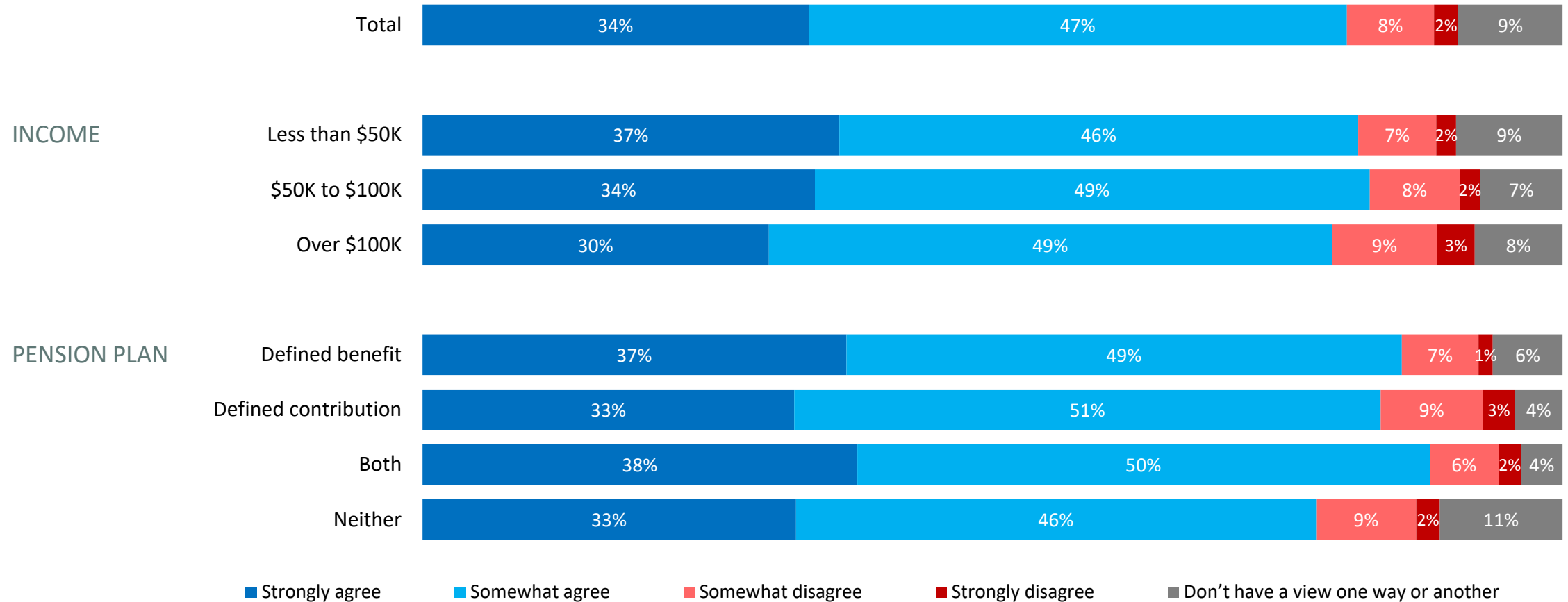


CANADIANS: ALL SHOULD HAVE AFFORDABLE, EFFICIENT & GUARANTEED RETIREMENT INCOME



Do you agree or disagree that...?

“ALL WORKERS SHOULD HAVE A PENSION THAT GUARANTEES A PERCENTAGE OF THEIR WORKING INCOME IN RETIREMENT”



Do you agree or disagree that...?

KEY FINDINGS

- When we ask Canadians to choose between improving their pension or having more money in hand now, a majority choose the better pension. They confirmed this in two ways:
 - accepting a slightly lower salary in order to receive a better (or any) pension (74%)
 - preferring their employers make contributions to a pension over taking that money as salary (79%)
- Remarkably, this holds true regardless of how impacted they were by COVID-19. 79% of Canadians whose finances were negatively impacted by COVID-19 a great deal would prefer their employer make direct contributions to a pension plan rather than receive that money as salary.

WOULD CANADIANS PREFER:

% Change since 2019

-2 ←



- Have a slightly lower salary but any (or a better) pension plan
- Have a higher salary but no (or lower quality) pension plan

+1 ←



- Have your employer make direct contributions to a pension plan
- Receive the money employers typically contribute for pension plans as salary

+3 ←



- Have a pension plan that pays out an amount based on what you earned while working
- Have a pension plan whose payments are based on how well or poorly the economy & the markets are doing
- Have a pension plan that is dependent on the financial success of the employer

I want you to consider a number of trade-offs. Between the two, would you generally rather: