

# Top 10 Facts about Retirement Income Adequacy

## » WHAT ARE THE CURRENT ISSUES?

- 1** Canadians are working longer and worried about having enough to retire

**48%** of Ontarians haven't saved enough for retirement

**55+** is the fastest growing segment of the labour force.

- 2** Women are less prepared for retirement once healthcare costs are considered

 ROUGHLY **66,000** WOMEN AGED **85+** can't afford long-term care costs.

## » WHY IS THIS HAPPENING?

- 3** Fewer people have access to a pension

**66%** of Ontarians have no workplace pension at all.

- 4** Voluntary savings plans are ineffective

 **55%** OF MEN **67%** OF WOMEN surveyed haven't done any retirement planning

- 5** Governments and companies can do more

**85%** of Ontarians agree government should ensure companies offer pensions that provide 60%+ of working wage.

## » HOW DO PENSIONS HELP?

- 6** Support the economy

Benefits paid out by defined benefit (DB) contribute **\$27 Billion** to the Ontario economy

- 7** Have a larger impact on small towns

**10-15%** of total earnings in smaller cities, such as Collingwood, Elliot Lake and St. Catharines, Ontario, come from pensions.

## » WHY ARE DEFINED BENEFIT PLANS THE BEST?

- 8** DB plans are cost efficient

**80¢** of every pension dollar comes from investment returns. In a typical defined contribution (DC) plan, only 55% of retirement income will come from investment returns.

- 9** DB plans offer less risk than DC plans

In a DB plan, risk is shared across members and employers. In an DC plan individuals bear 100% of the investment risk.



DB Plan Members



Individuals with a DC plan

- 10** DB plans help prevent senior poverty

Approximately **50%** of retirees without a DB pension collect the guaranteed income supplement (GIS)

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2 - HOOPP/IHPME "Health & Retirement Security Research. 2016.  
3 - Ontario Ministry of Finance  
4 - RBC newsroom  
6, 7, 10 - Boston Consulting Group. Defined Benefit Impact Assessment. 2013  
8, 9 - Shifting Public Sector DB Plans to DC. The experience so far and implications for Canada. 2014. Robert L. Brown and Craig McInnes.

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