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questions that matter



HOOPP
Healthcare of Ontario
Pension Plan

2022 Canadian Employer Pension Survey

**Prepared for:
Healthcare of Ontario Pension Plan**

Methodology

Study: Understanding the role of pensions and retirement savings plans as part of employers' compensation package and recruitment and retention efforts.

Sample: n = 778 employers at companies with 20+ employees who are either:

- Business owners and HR decision makers/influencers
- Senior leadership (C-suite, EVP or similar roles) and HR decision makers or influencers.

For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 3.4 percentage points, 19 times out of 20.

Field Window:
August 3-10, 2022

Methodological notes:

- “Small enterprises” are defined as organizations with 20-49 employees
- “Medium enterprises” are defined as organizations with 50-249 employees
- “Large enterprises” are defined as organizations with 250+ employees

Executive Summary

1

Employers are concerned about external factors like inflation, but they are more worried about employee-related factors.

- Leading the pack of concerns are: inflation (82%), greater competition for hiring (82%), employee burnout (79%), labour shortage (79%), and high turnover (77%).
- Many are also concerned about employee productivity (59%) impacting their business.
- While most are optimistic about their revenue (80%) and profits (80%), fewer are as optimistic about maintaining employee morale (67%). One in five (20%) employers rate themselves poorly on their ability to find talent.

2

Employers are concerned about the impact of the current economy on their employees, and many are taking action to address concerns such as burnout and low productivity.

- Most employers are concerned about employees' financial stress resulting from: inflation (87%), economic instability (81%) and increasing interest rates (78%).
- Among the 83% of employers concerned about employees' mental health, 47% are taking action and 30% are developing a plan.
- Among the 61% of employers concerned about low productivity, 31% are taking action and 37% are developing a plan.
- Employers overwhelmingly agree it is important to offer benefits that will reduce financial stress for employees (88%).

Executive Summary (cont'd)

3

Employers understand the value of retirement benefits on recruitment and retention, whether they offer them or not.

- Among all employers (including those that don't offer retirement benefits), they understand offering retirement benefits helps with retaining (66%) and recruiting (62%) talent.
- A majority of employers also say retirement benefits are a cost-effective way to reduce financial stress for employees (85%) and more of an investment in human capital than a cost to business (78%).
- Those that do offer retirement benefits are doing so to respond to employee needs (it was rated as the first or second priority for 55%), long-term costs to the company (51%) and competing with other employers (47%).

4

Employers agree with workers that Canada is heading for a retirement crisis and they believe they have a responsibility to help their employees save for retirement.

- Most Canadian employers (84%) are concerned about an emerging retirement income crisis, which is even higher than the Canadian general public who agree with the same statement (75%*).
- Implications of the crisis are commonly understood by employers:
 - 80% say without good pensions in place the economy will suffer.
 - 84% say if workers aren't able to access good workplace pensions and contribute during their working lives, they will become a burden on the taxpayer.
- A majority of employers feel a responsibility to offer a pension plan workers can access in order to have adequate retirement income (75%).
- Employers believe that governments have a role to play:
 - 90% believe governments should encourage best practices for communicating the value of retirement benefits.
 - 87% say governments can save money by supporting pensions that are more efficient/affordable.

*Source: 2022 Canadian Retirement Survey

Executive Summary (cont'd)

5

Employers recognize the value of retirement benefits, but currently favour increasing wages to mitigate the effects of inflation for employees.

- A majority of employers (67%) are currently favouring wage increases over improving benefits as the best way to mitigate the effects of inflation for employees, and as a means to attract new employees (71%).
- Cost is the biggest impediment for the 20% of employers that do not offer any retirement benefits. Of this group, 44% say the long-term costs are too high and 30% say set-up costs are too high.
- Only one in three employers say benefits are the best way to mitigate inflation pressures.

6

Employers who prioritize retirement benefits over cash report higher levels of productivity, including those who introduced or improved benefits in the last year.

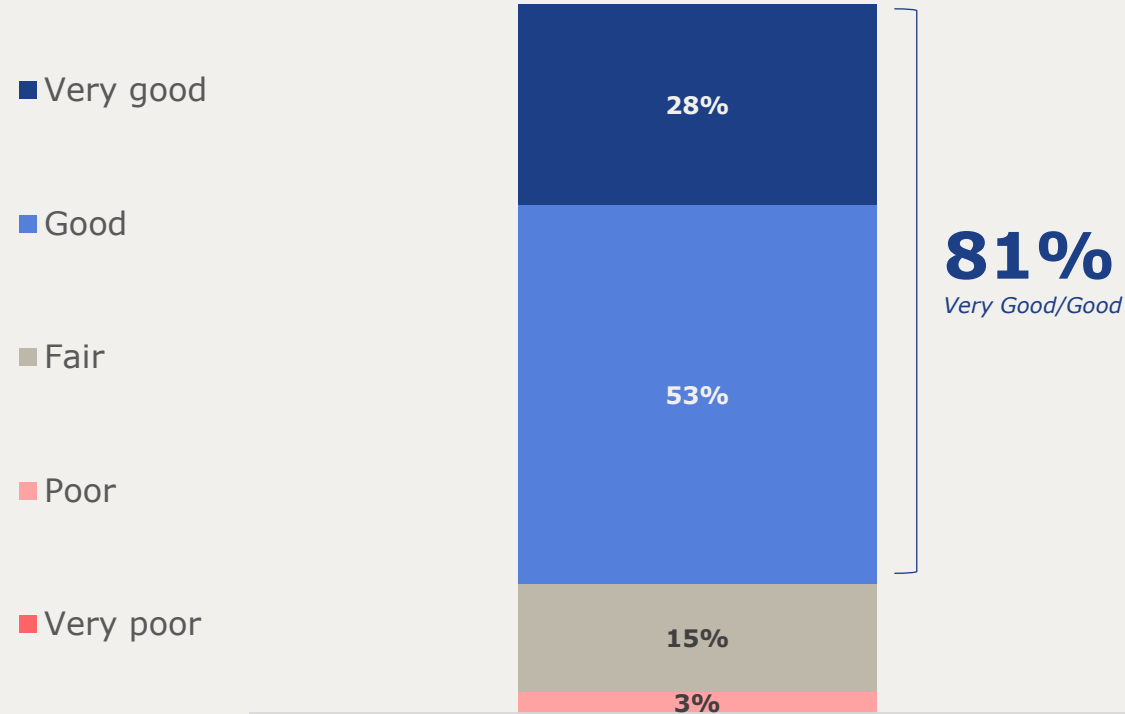
- Knowing that over half of employers are concerned about employee productivity (59%), those reporting significantly improved productivity are more likely to favour benefits over cash in fighting inflationary pressures and recruiting new talent, compared to those with worsening productivity (45% vs. 31%).
 - Furthermore, employers reporting improved productivity are twice as likely to be optimistic about maintaining employee morale (81% vs. 40%), retaining current talent (80% vs. 43%), and recruiting new talent (76% vs. 38%).
- Firms that offer defined benefit pensions are more likely to report improved productivity (49%) than firms that do not (36%).
- Seventeen per cent of Canadian employers introduced or enhanced their retirement benefit offerings last year, or plan to in the year ahead.
 - Those who have introduced or enhanced their retirement benefits in the last year are more likely to report higher levels of employee productivity compared to those who have not made any retirement benefit improvements (56% vs. 39%), and less likely to be negatively impacted by greater competition for hiring (57% vs. 77%), high turnover (64% vs. 71%), and labour shortages (62% vs. 76%).

Performance & Future Outlook

Current State of Business

Business leaders are generally positive about the current state of their business – four out of five say their business is currently good or very good.

Current State of Business Overall



Future Opinion of Business

Employers are mostly optimistic about the future of their business over the next year, with half indicating they are highly optimistic.

Future of Business Over the Next Year



88%
Optimistic

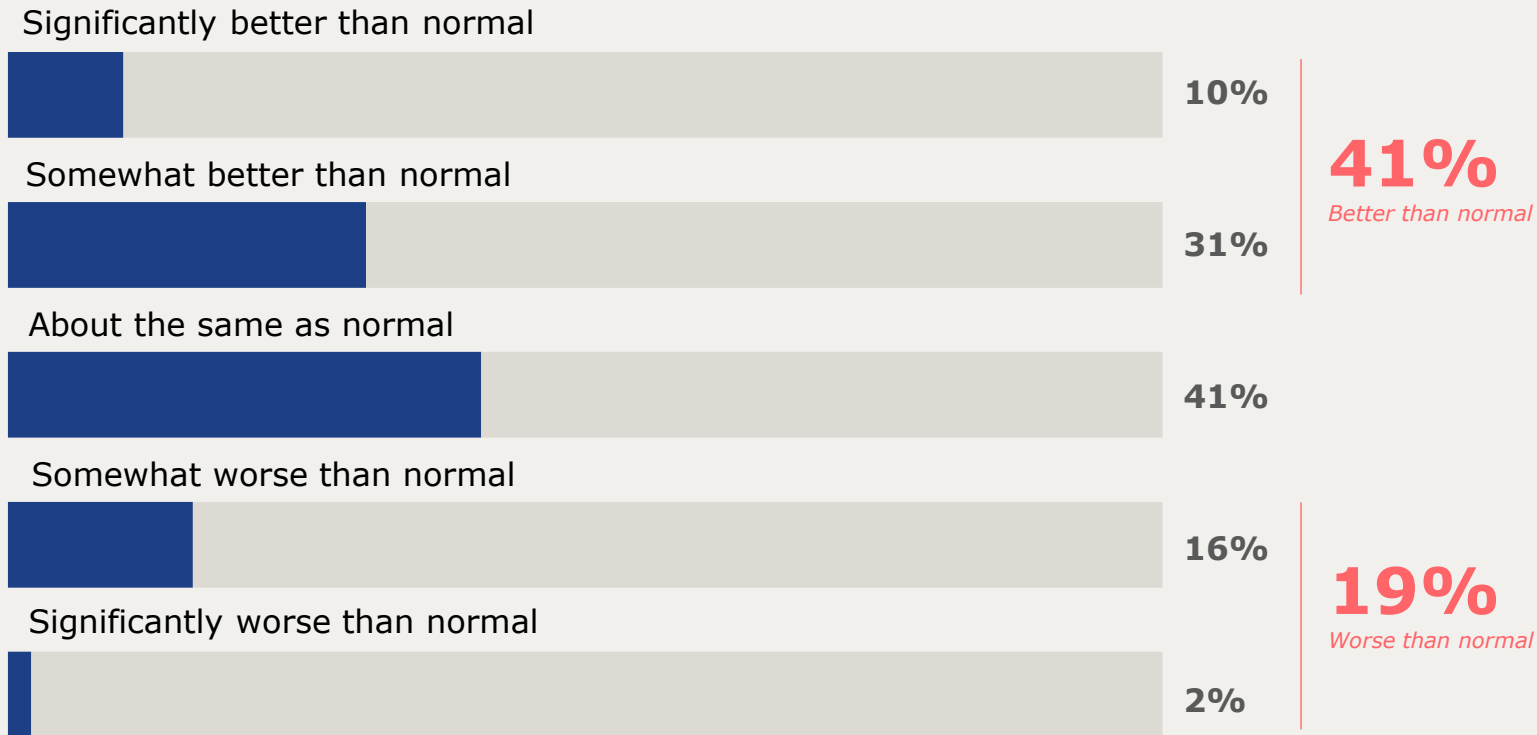
Employers at **small enterprises** are more likely to be *somewhat* optimistic (46%) than highly optimistic.

12%
Concerned

Employee Productivity

Employee productivity over the past year is mostly seen as having remained the same or improved, with only one in five employers feeling it has worsened.

Past Year Change in Employee Productivity



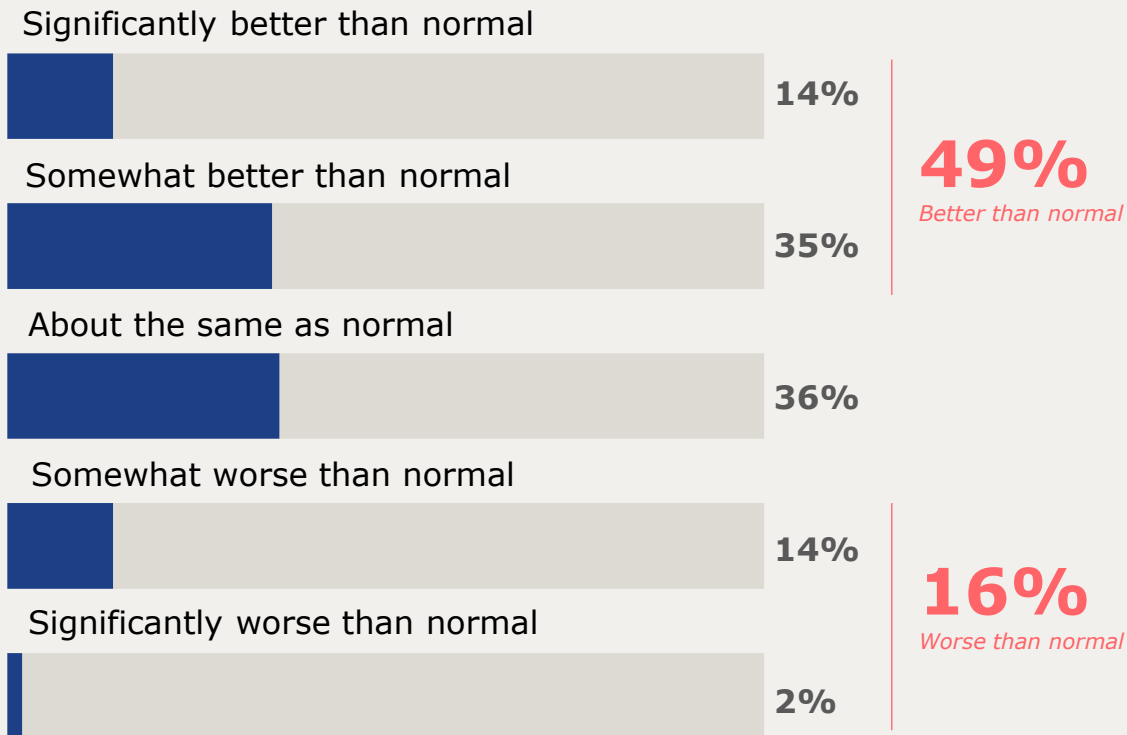
Employers that have introduced or enhanced their retirement benefits in the last year are more likely to report higher levels of employee productivity compared to those who have not made any retirement benefit improvements (56% vs. 39%).

Employee Productivity

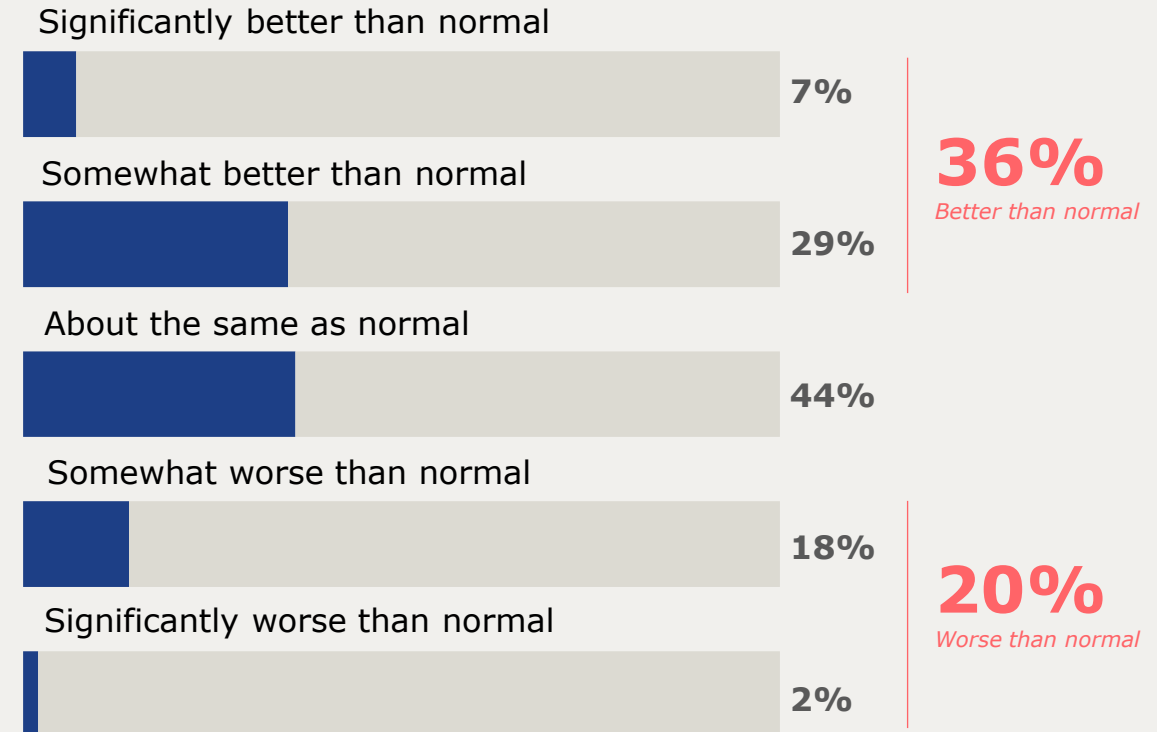
(among employers who offer Defined Benefit Pension Plans)

Employee productivity over the past year is significantly better among employers who offer DBPP.

Employers who offer Defined Benefit Pension Plans



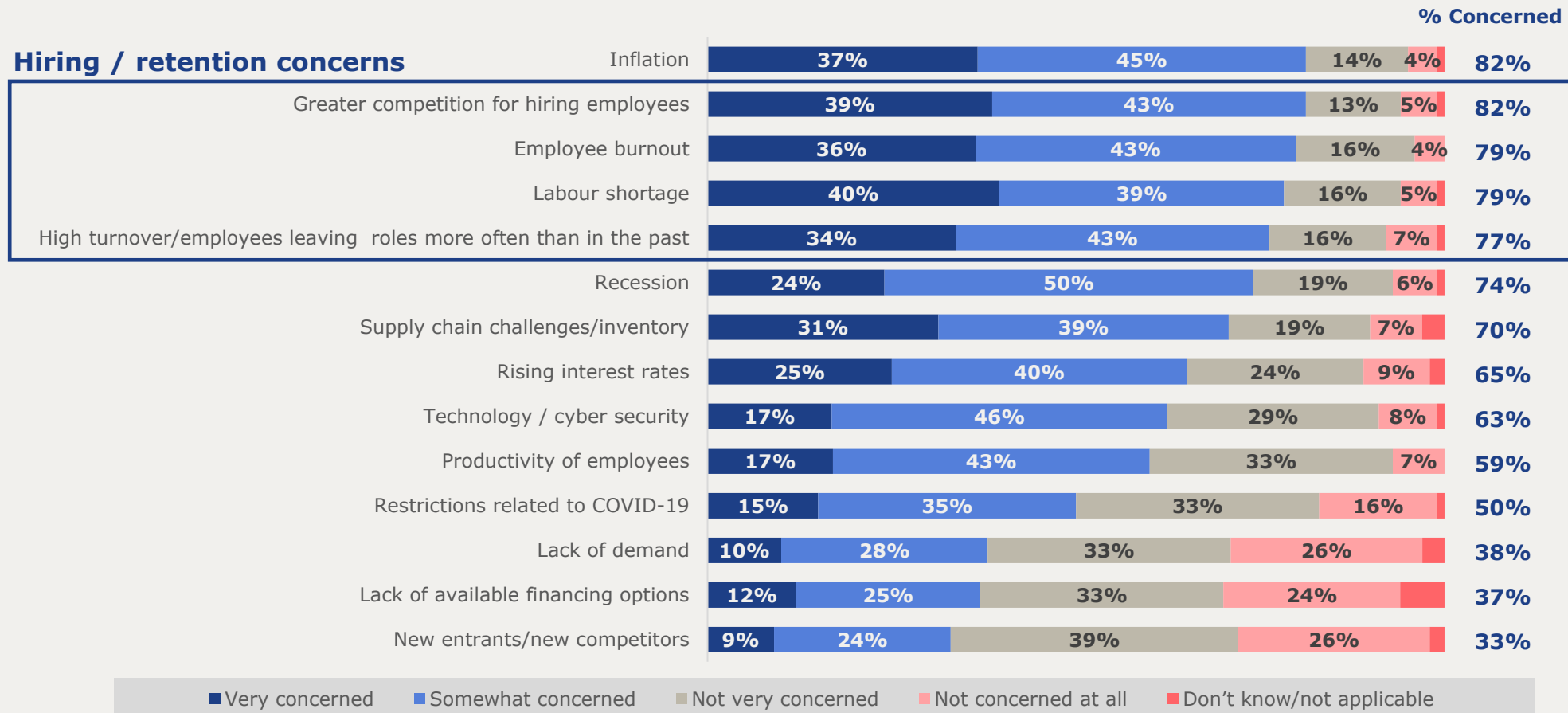
Employers who **do not** offer Defined Benefit Pension Plans



Impact on Business in the Next Year

Concerns around hiring, retention and burnout are all high on the list, either just under or tied with inflation. Concerns are higher in all categories amongst employers at larger enterprises, and employers who offer a DBPP are more likely to be concerned about employee-specific impacts.

Concern about Impact on Business in the Next Year

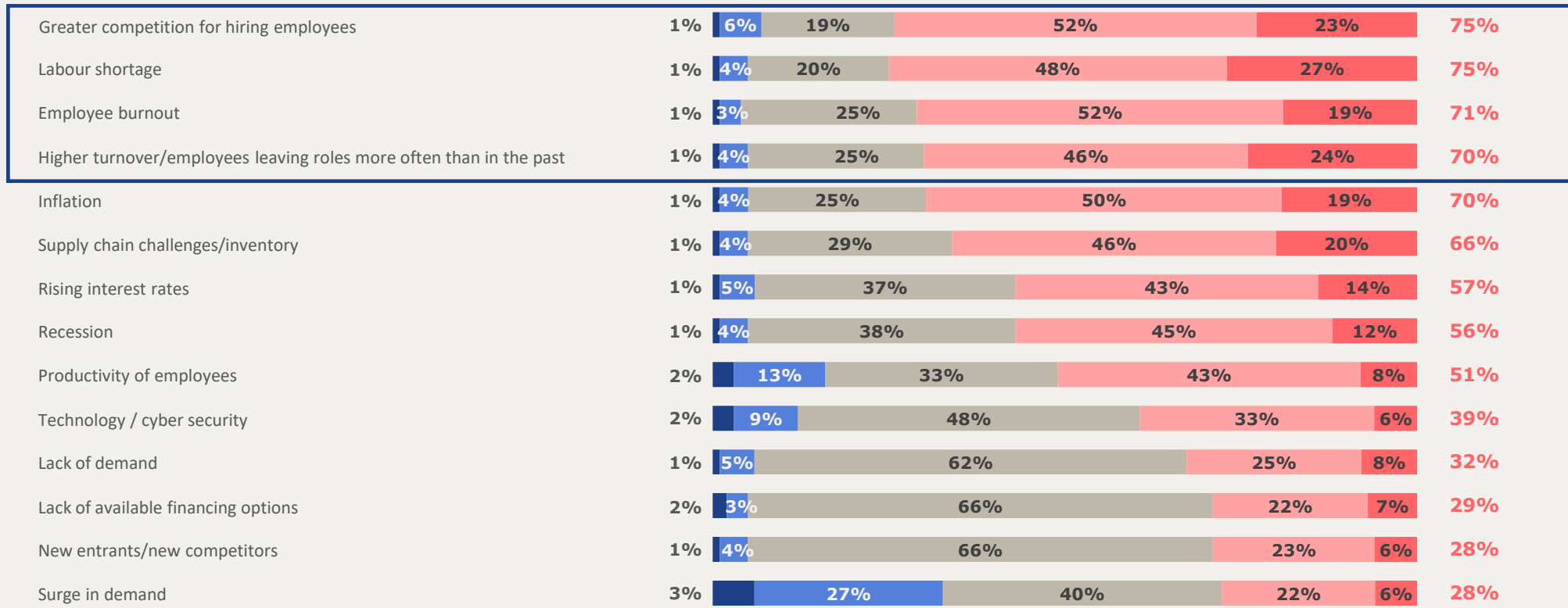


Current Impact on Business

In terms of current impact on business, hiring/retention is overall a large concern.

Current Impact on Business

Hiring / retention concerns



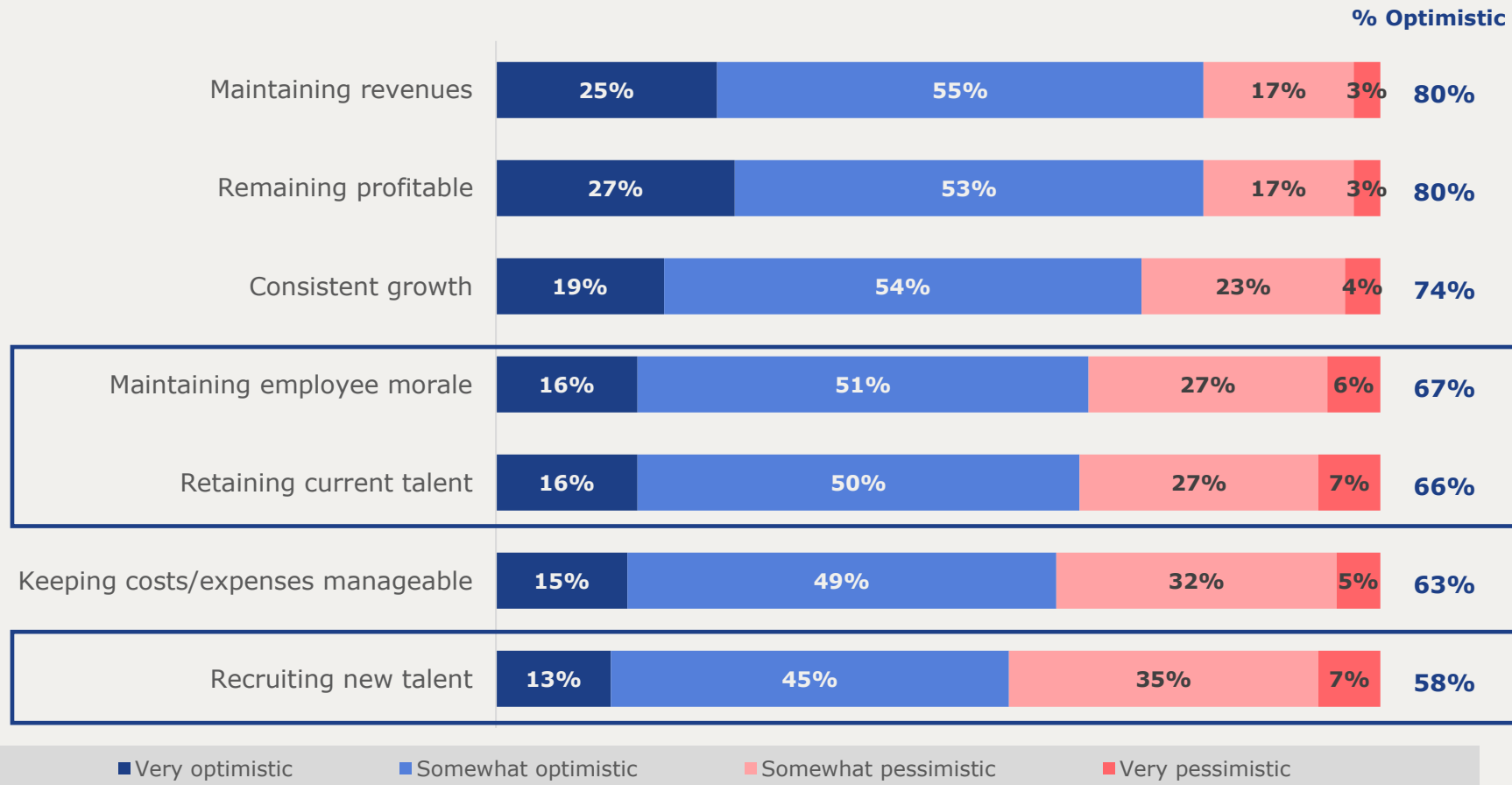
Employers that have introduced or enhanced their retirement benefits in the last year are less likely to be negatively impacted by greater competition for hiring (57% vs. 77%), high turnover (64% vs. 71%), and labour shortages (62% vs. 76%).

■ Impacting very positively
 ■ Impacting somewhat positively
 ■ Not impacting our business/organization
■ Impacting somewhat negatively
 ■ Impacting very negatively

Optimism about Business Achievements

Employers are most optimistic about maintaining revenues, remaining profitable, and seeing consistent growth over the next year.

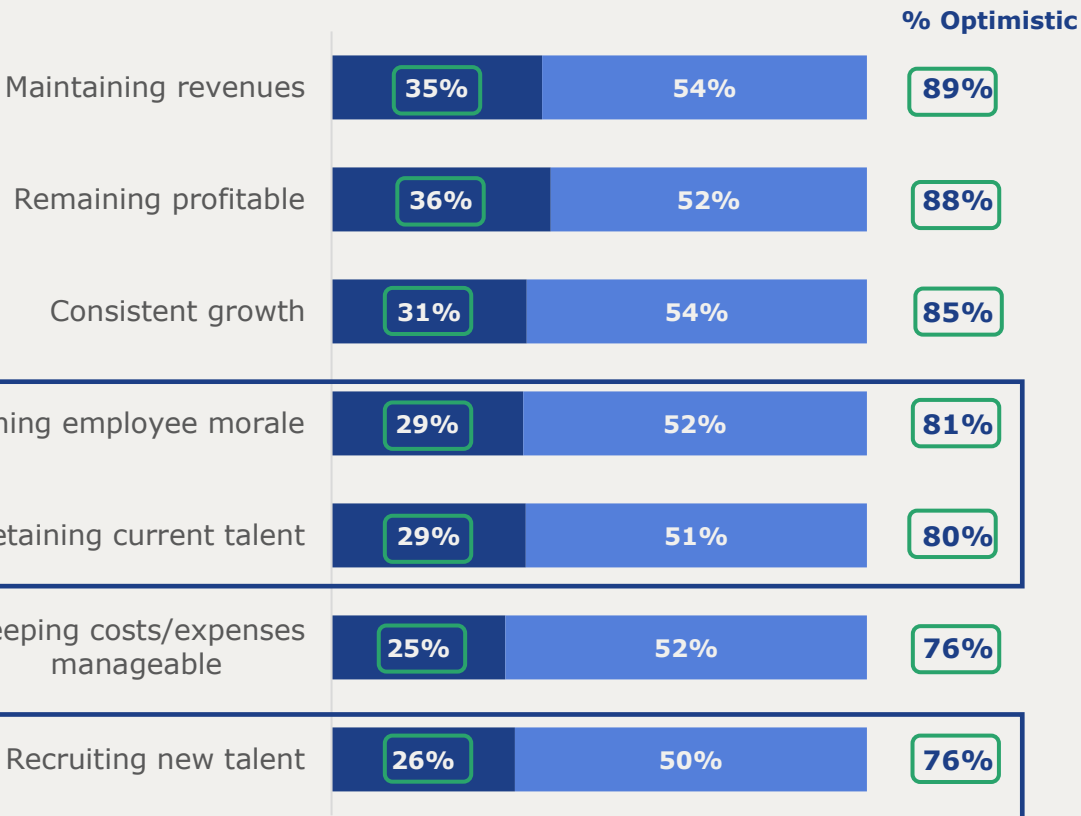
Optimism about Business Achievements in the Next Year



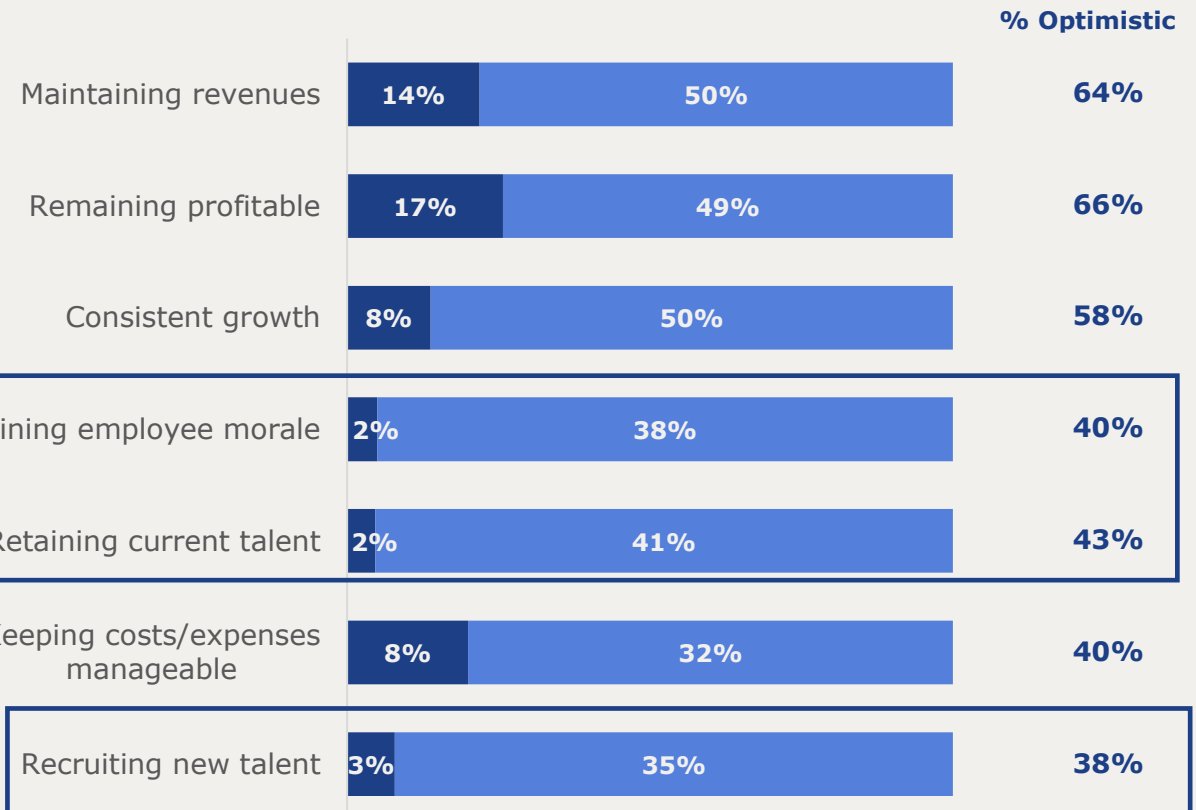
Optimism about Business Achievements (cont'd)

Employers who have witnessed improved productivity from their employees over the past year have a significantly more positive outlook over the next year.

Optimism among those seeing improved employee productivity



Optimism among those seeing worsened employee productivity



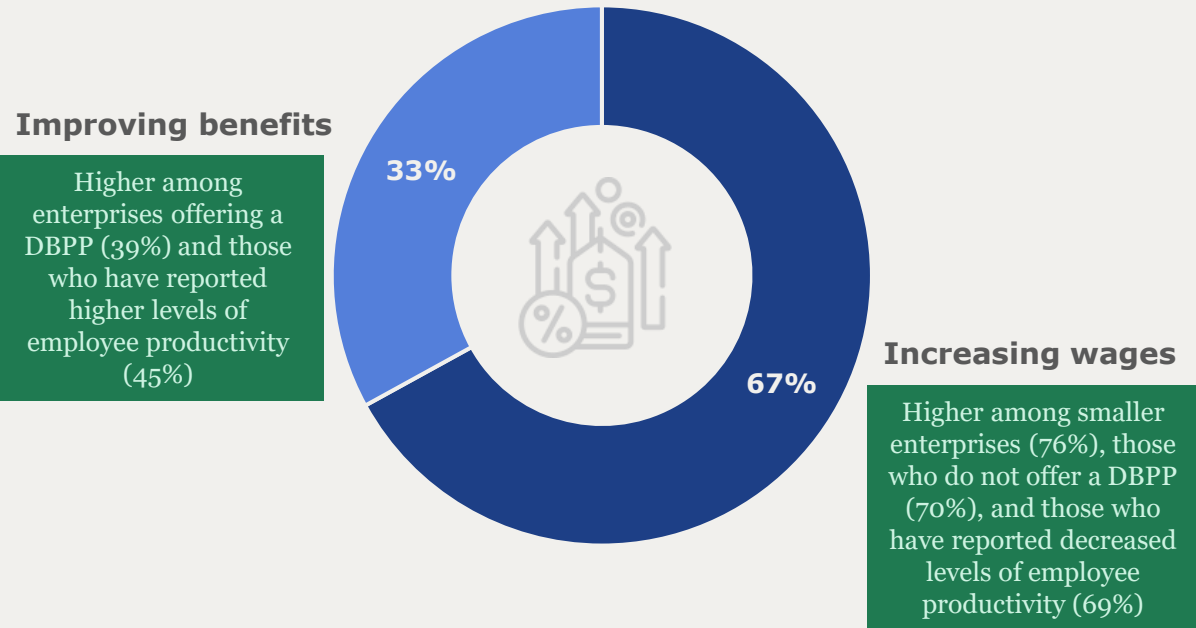
■ Very optimistic
 ■ Somewhat optimistic
 Significantly higher than other group at 95% confidence.

Base: Improved employee productivity (n=75); Worsening employee productivity (n=144)
 QA6. And how optimistic or pessimistic are you about your business/organization's ability to achieve each of the following over the next year?
 Base: Various base sizes
 QA3. Over the past year, how has the productivity of your employees changed, if at all?

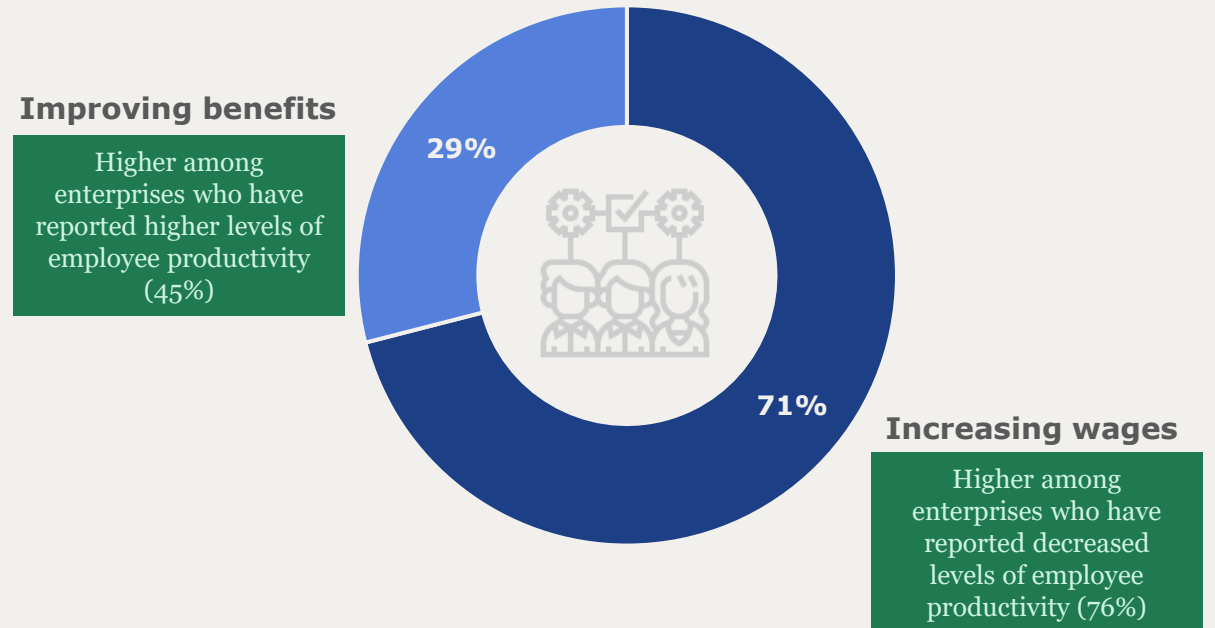
Inflation and Attracting Employees

Increasing wages is the preferred method of mitigating the impact of inflation as well as attracting new hires.

Preferred Measure to Mitigate Inflation



Preferred Measure to Attract Employees in a Competitive Labour Market



Base: All respondents (n=778); Large Enterprise (250+ Employees) (n=376); Small Enterprise (20-49 Employees) (n=165); Offer DBPP (n=270); Do not offer DBPP (n=508); Improved employee productivity (n=75); Worsening employee productivity (n=144)
QA7. As a way to mitigate the impact of inflation, which one of the following measures would you prefer that your business/organization took?
QA8. Which one of the following measures do you consider to be the best way to attract new hires to your business/organization when facing a competitive labour market?

Concern Regarding Employees and Call to Action

While concerns are high for the stress associated with rising inflation and economic instability, employers are more likely to be taking action on areas they feel they have more control over, such as employees' mental health and low productivity.

Areas of Concern as it Relates to Employees

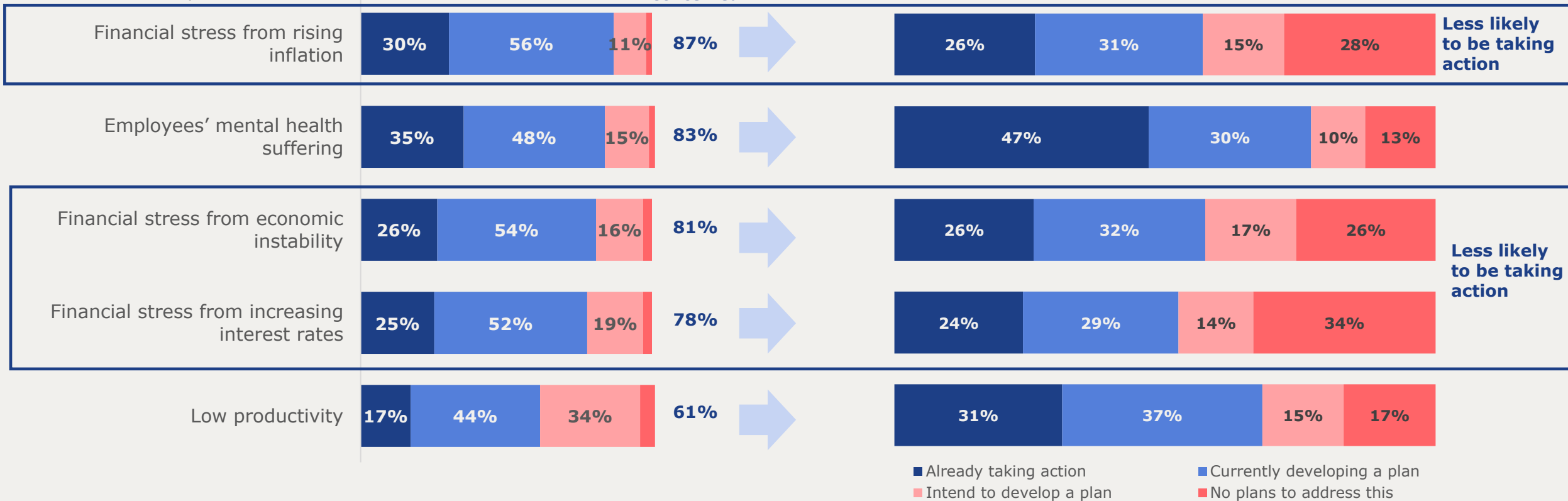
% Concerned

Very concerned
Not very concerned

Somewhat concerned
Not concerned at all
% Concerned

Call-to-Action to Address Areas of Concern

Among Concerned about Issue



Feelings Towards Organizational Attributes

While employers are taking some action on organizational attributes they would evaluate as poor, they are not always prioritizing the areas of key concern.

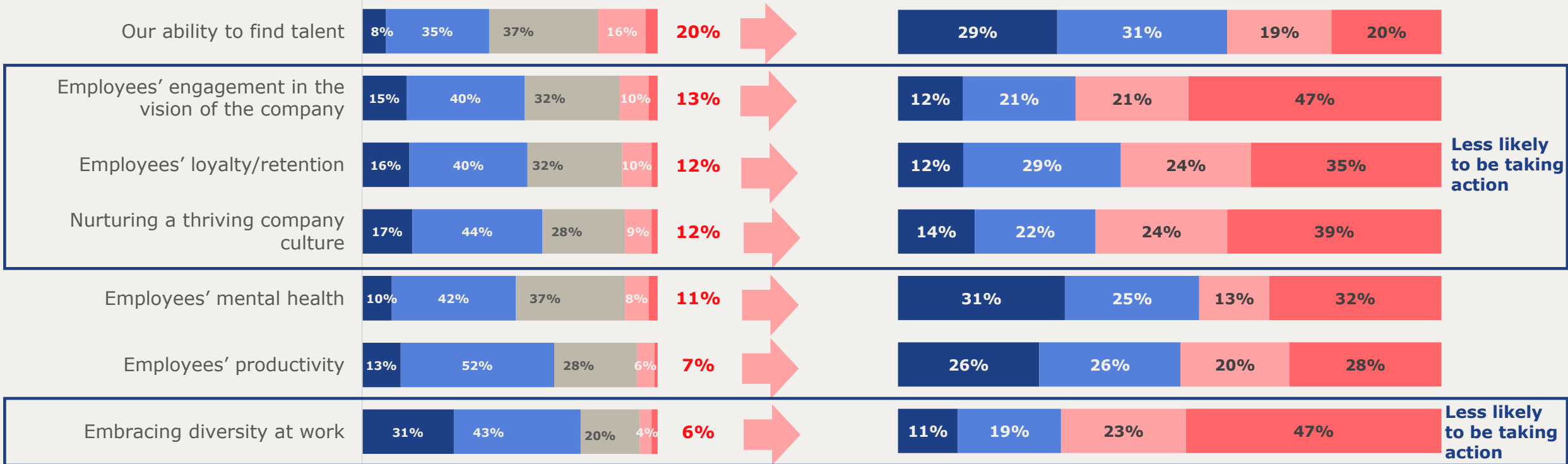
Feelings Towards Organizational Attributes

% Good vs. Poor

■ Very good ■ Good ■ Fair ■ Poor ■ Very poor % Poor

Call-to-Action to Address Areas of Concern

Among Poor Opinion of Organizational Attribute



Retirement Benefit Offerings and Priority

Four out of five employers offer some form of retirement benefits, and the top priorities are responding to employee needs/expectations, long-term costs to the company, and competing with other employers.

Retirement Plan Definitions

Defined benefit pension plan (DBPP)

A program funded by contributions from workers and employers, that pays specific, set amounts of retirement income based on past salary and years of service.

Defined contribution pension plan (DCPP)

A program funded by contributions from workers and employers, that pays retirement income based on the total value of contributions after they have been invested.

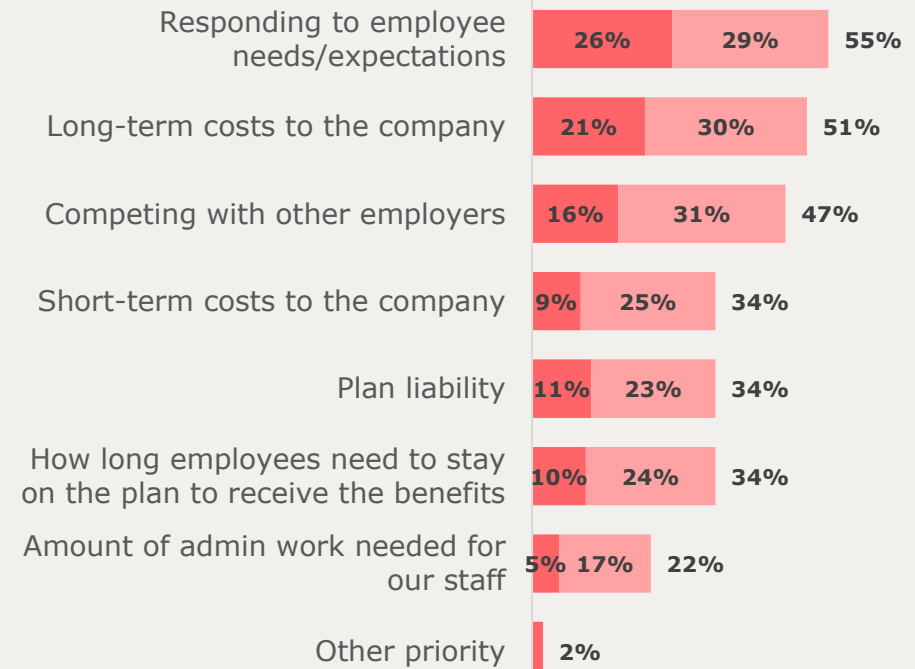
Retirement Plan Offerings for Employees

Offer any Retirement Benefits	80%
Defined benefit (DB) pension plan	35%
Other Benefits And Not DBPP	45%
Only Offer DBPP (NET)	21%
Defined contribution (DC) pension plan	32%
Only Offer DCP (NET)	14%
Group RRSP retirement savings plan	38%
Only Offer Group RRSP Retirement Savings Plan (NET)	22%
Another type of retirement benefit	2%
Do not offer retirement benefits	20%

Retirement Benefit Priorities

Rank Top 3

■ Rank 1st ■ Rank 2nd ■ Rank Top 3



Base: All respondents (n=778); Offer any retirement benefits to employees (n=623)

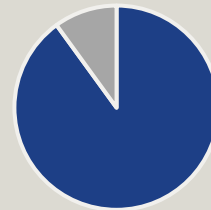
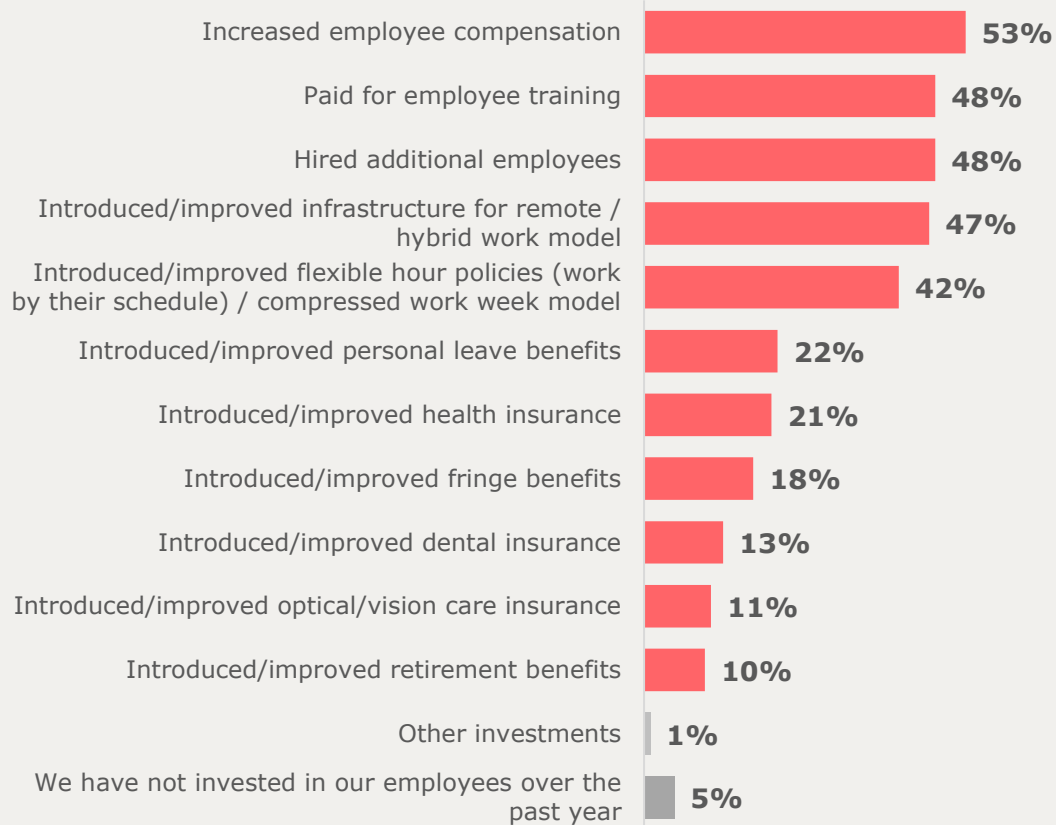
QA13. Does your business/organization offer any of the following retirement benefits to its employees?

QA14. Please rank the following priorities for your business/organization when it comes to offering retirement benefits to employees, where 1 is the highest priority.

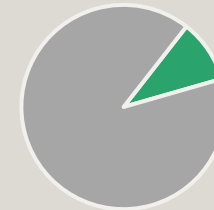
Past Year Investment in Workforce/Benefits

Only one in ten employers have introduced or improved retirement benefits in the past year, compared with half who have increased employee compensation or paid for employee training.

Past Year Investment in Workforce



95%
of businesses have invested in **employee benefits**

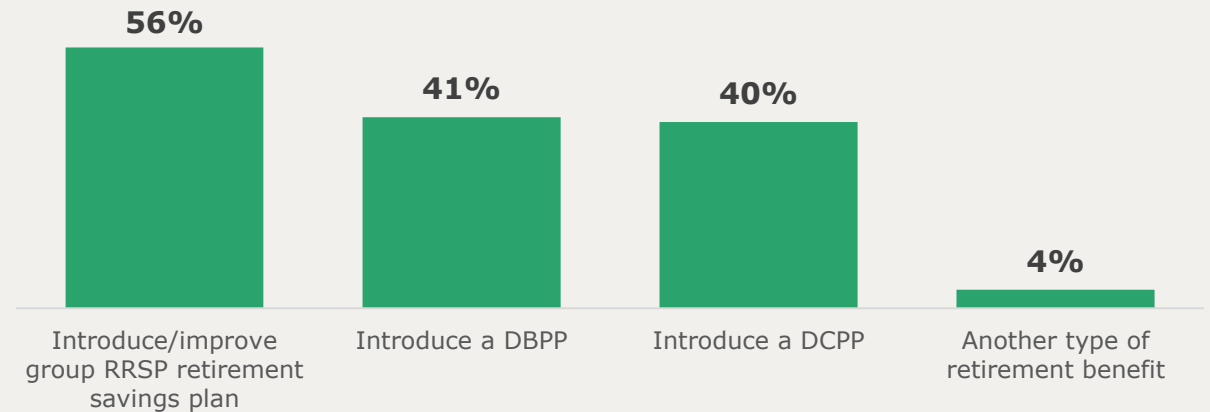


10%
of businesses have **introduced or improved retirement benefits**

Higher among mid-sized enterprises (98%)

Retirement Benefits Invested in Over Past Year

Among Businesses who have invested in retirement benefits

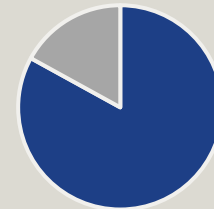
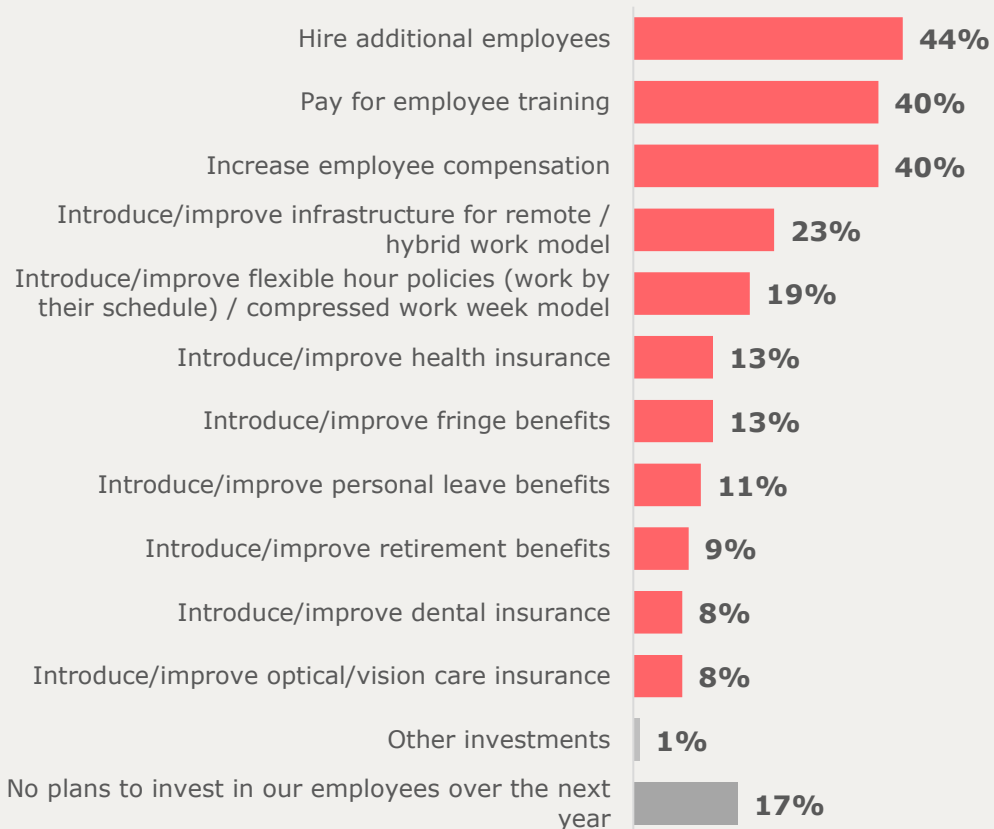


Base: All respondents (n=778); Businesses that have invested in employee benefits (n=738); Businesses that have invested in employee retirement benefits (n=80); Medium Enterprise (50-249 employees) (n=237)
 QA15. Has your business/organization done any of the following to invest in your workforce over the past year?
 QA16. Which of the following investments into your business/organization's retirement benefits have you made over the past year?

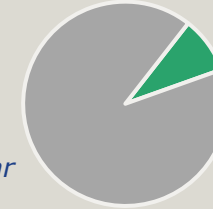
Next Year Investment in Workforce/Benefits

Plans to introduce or improve retirement benefits are expected to remain on par with the previous year, with a much greater focus on hiring additional employees, paying for employee training or increasing employee compensation.

Next Year Planned Investment in Workforce



83%
of businesses plan to invest in **employee benefits** in the next year



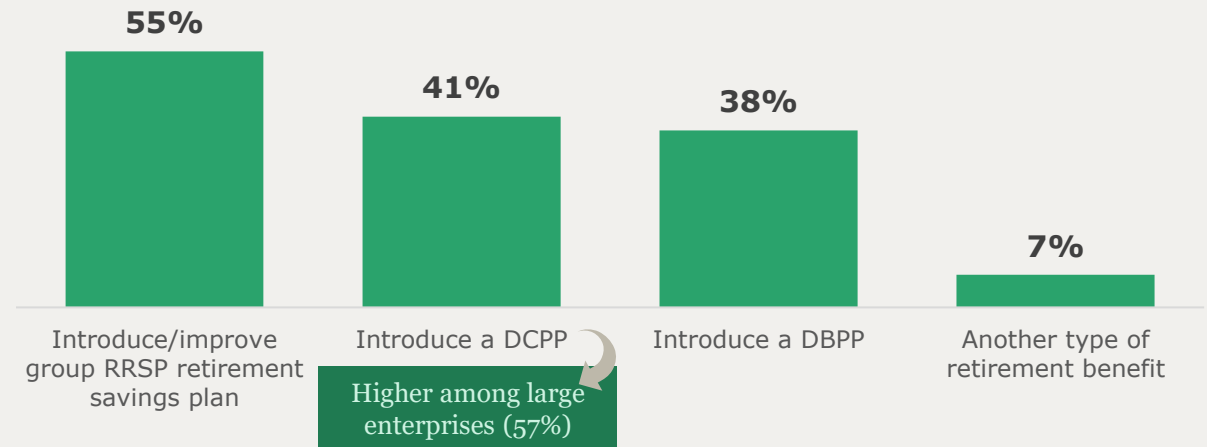
9%
of businesses plan to **introduce or improve retirement benefits**

Higher among mid-sized enterprises (89%)

30% of businesses who introduced or improved retirement benefits last year

Retirement Benefits Plan to Invest in Over the Next Year

Among businesses who plan to invest in retirement benefits

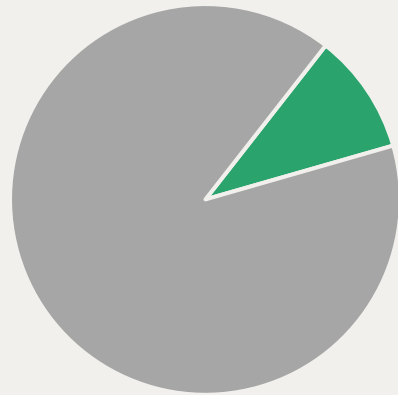


Higher among large enterprises (57%)

Past/Next Year Investment in Workforce/Benefits

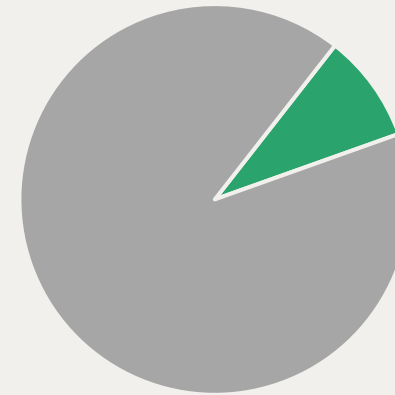
One in six employers have either introduced/improved retirement benefits in the last year, or plan to in the next year.

Past Year Investment in Workforce



10%
of businesses have introduced or improved retirement benefits

Next Year Planned Investment in Workforce



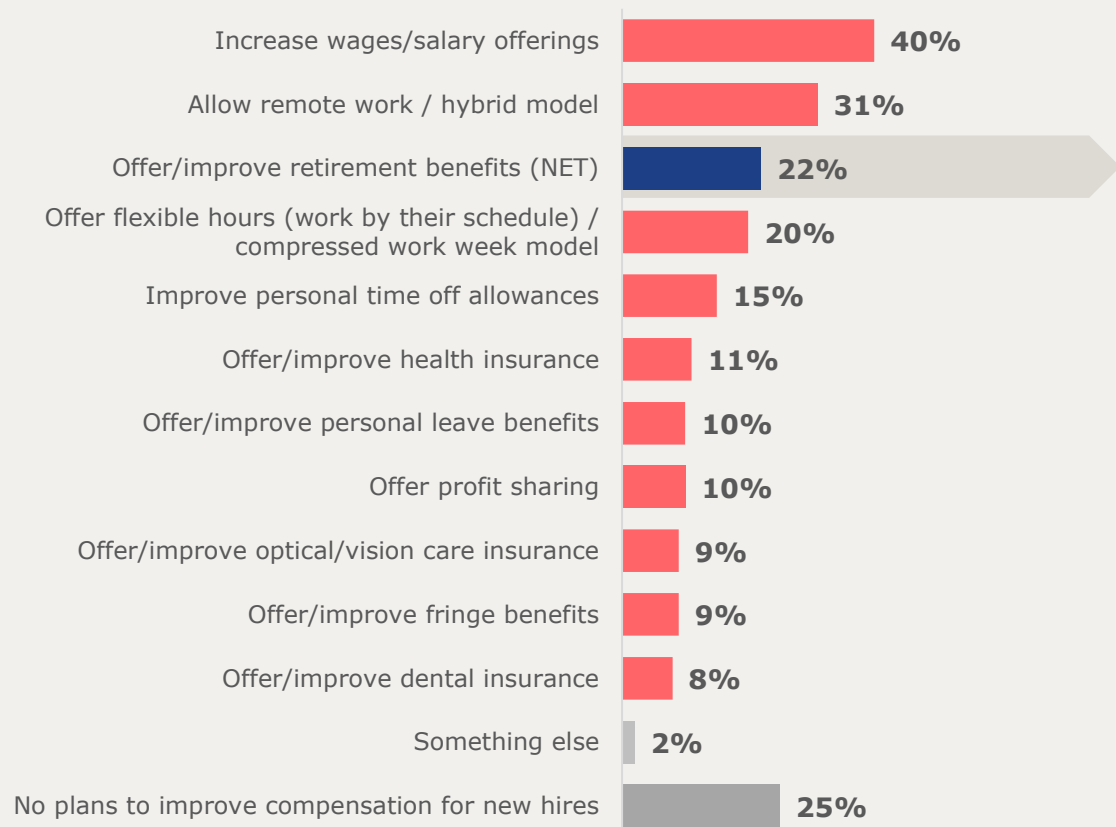
9%
of businesses plan to introduce or improve retirement benefits

17%
of businesses have introduced or improved retirement benefits in the last year, or plan to in the next year

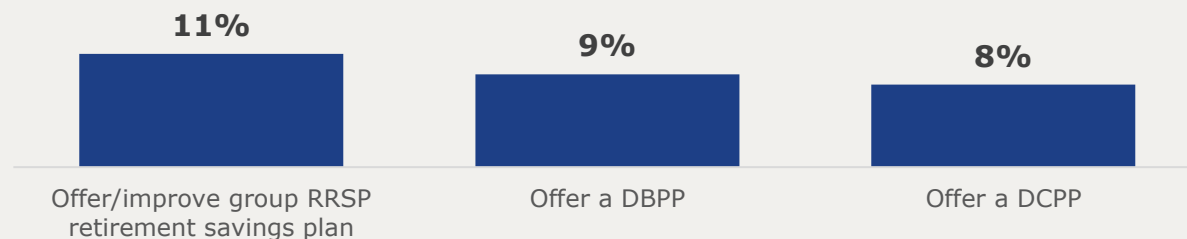
Planned Improvements to Employee Compensation

Employers are placing a greater emphasis on increasing wages and allowing remote/hybrid work models than they are on offering/improving retirement benefits.

Planned Improvements to Employee Compensation for New Hires Over the Next Year



Next Year Planned Retirement Benefits for New Hires



Large enterprises are more likely to have plans for retirement benefit offerings for new hires in the next year (26%). 12% are planning to offer a DBPP, while 11% are planning to offer a DCP, more than double what is planned by small and mid-sized enterprises.

Two-in-five (36%) companies with younger employees (18-39 years) are inclined to offer retirement benefits in the next year. 16% are planning to offer or improve group RRSP plans.

Current Implementation & Decisions Around Benefits

Reasons for Offering a DBPP

While there are a variety of reasons that employers offer a DBPP, they do so primarily because it keeps employees happy.



35%

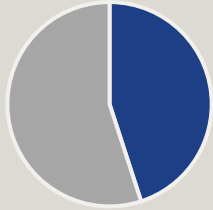
of businesses offer a **Defined Benefit Pension Plan (DBPP)**

Reasons for Offering a DBPP to Employees



Reasons for NOT Offering a DBPP

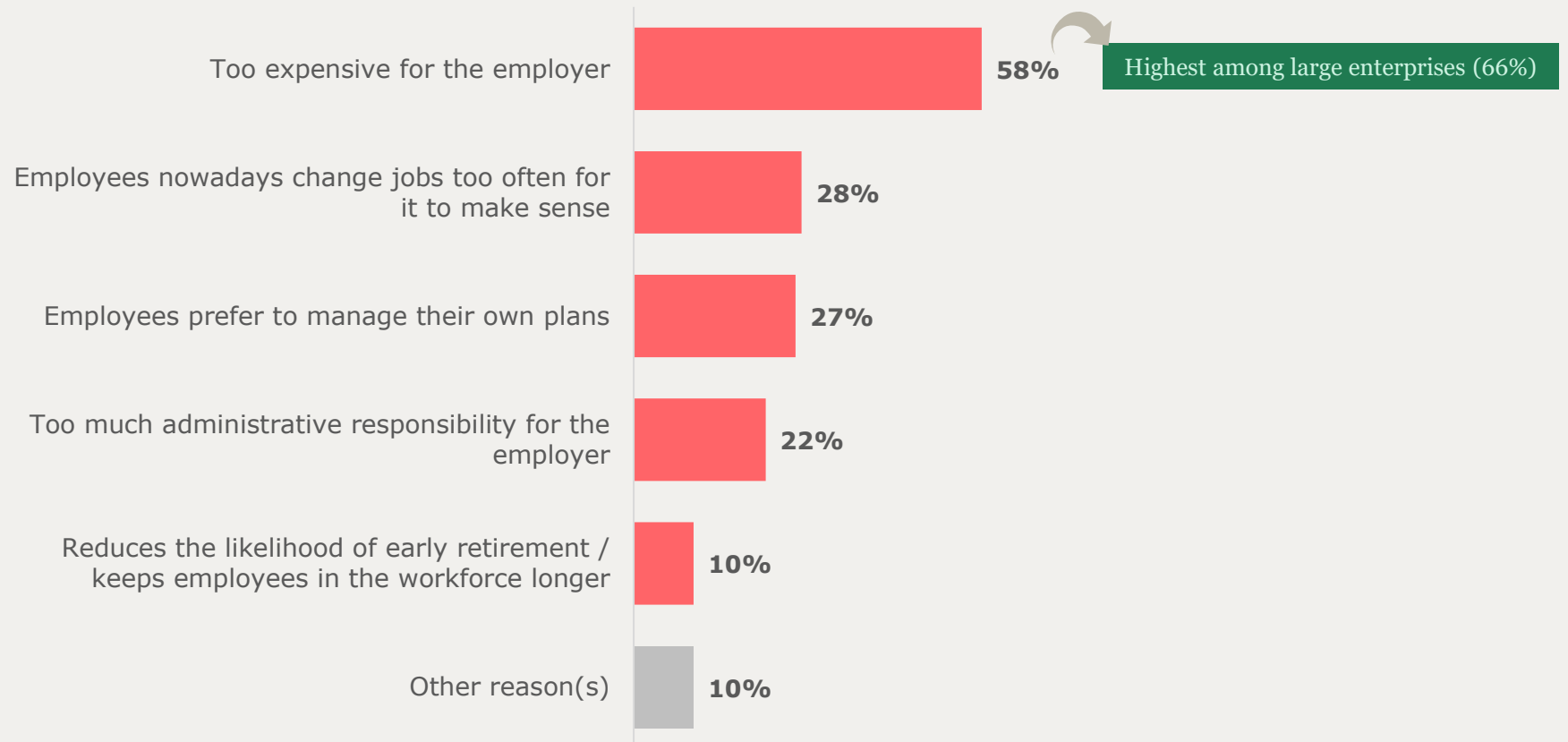
The top reason for a DBPP not being offered is the concern that it is too expensive for the employer. Those who do not offer a DBPP also indicated turnover and employee preferences among the top reasons.



45%

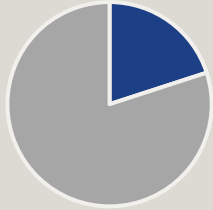
of businesses offer a benefits plan but NOT a Defined Benefit Pension Plan (DBPP)

Reasons for NOT Offering a DBPP to Employees



Reasons for NOT Offering Retirement Benefits

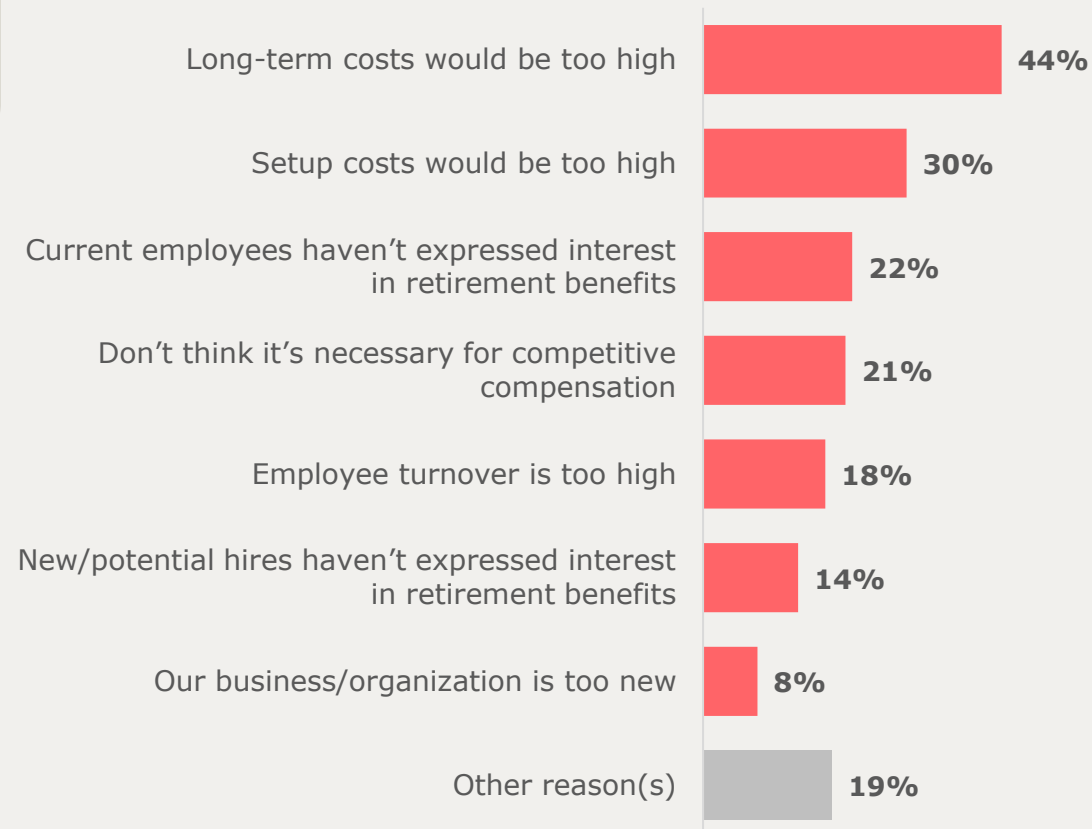
Among the employers that do not offer retirement benefits, both the long-term and setup costs are the main deterrents.



20%

of businesses do NOT offer retirement benefits

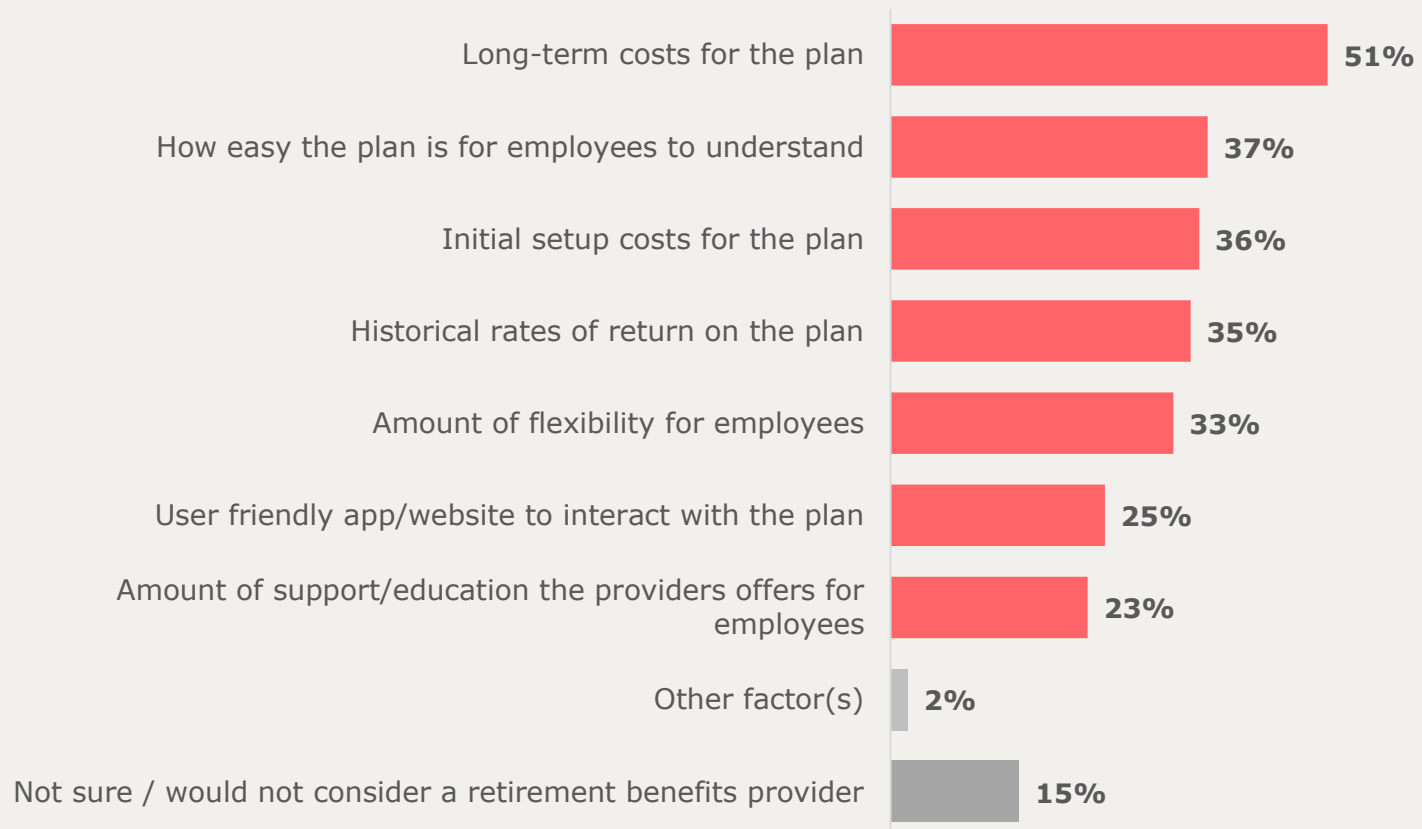
Reasons for NOT Offering Retirement Benefits to Employees



Factors When Choosing Retirement Benefits

Long-term costs and initial setup costs are among the three most important factors when choosing a retirement benefits plan. Greater education for employers on evaluating the return on investment for retirement benefits could help mitigate these concerns.

Most Important Factors when Choosing a Retirement Benefits Plan



Long-term costs of the plan, and **initial setup costs** are the most important factors to businesses who do not currently offer a DBPP to employees, or those who only offer a group RRSP.

Employee support offered, a **user-friendly app**, and historical **rates of return** are most important to companies who currently offer a DBPP.

Attitudes about Retirement Benefits

Benefit to Company for Offering Retirement Benefits

Employee retention and recruitment are seen as the main benefits of offering retirement benefits to employees. Employers who offer a DBPP are more likely to find benefits in areas such as productivity, alleviating emotional stress for employees, and keeping compensation lower in other areas.

Main Benefits to Company for Offering Retirement Benefits to Employees

Rank Top 3



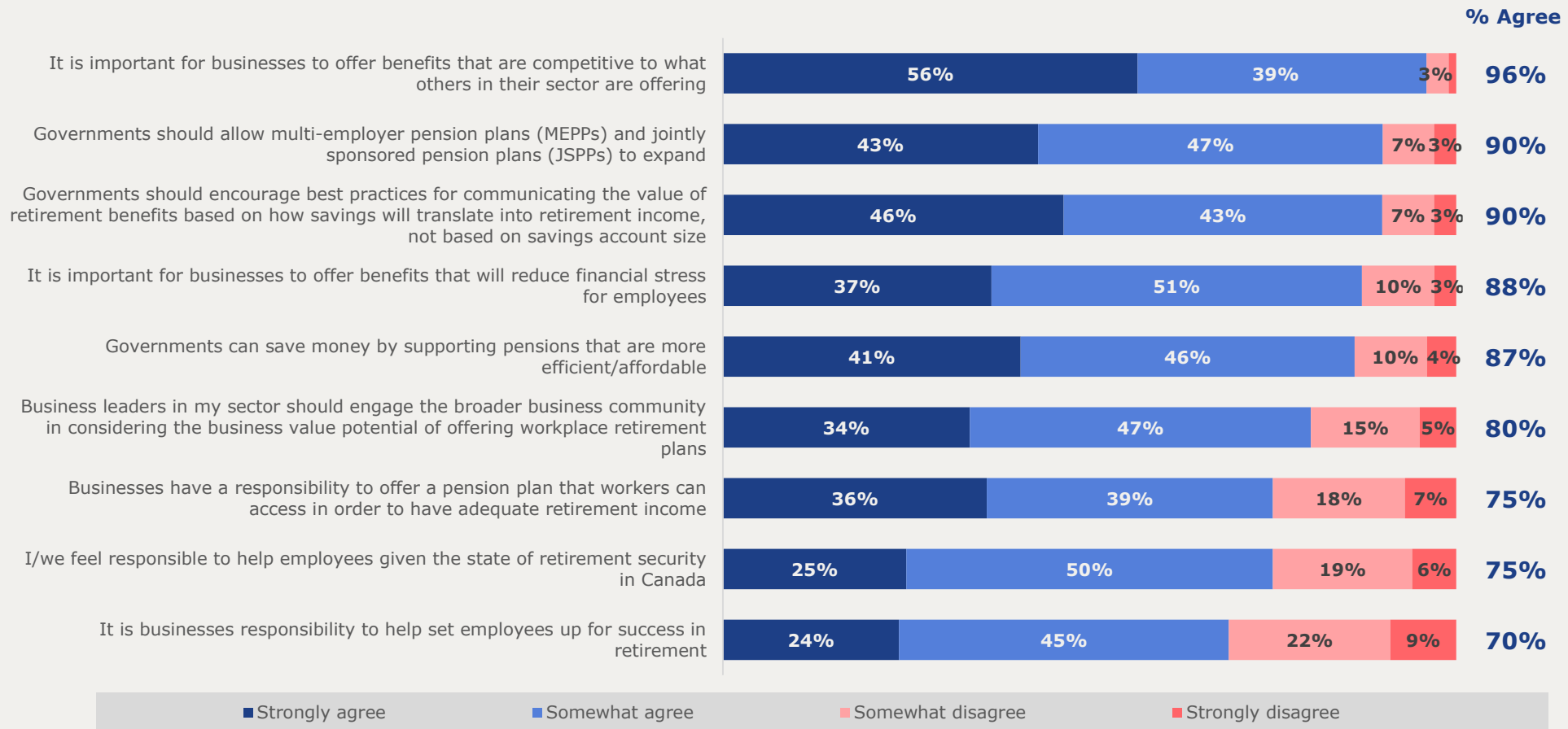
Employers **offering DBPP** are more likely to say the advantages to offering retirement benefits are:

- Improving employee productivity (23%)
- Alleviating emotional stress for employees (32%)
- Keeping compensation lower in other areas (28%)

Responsibilities of Business and Government

On the whole, employers agree that business and government have a role to play in offering benefits and pensions. However, they are less likely to strongly agree about the responsibility of businesses to set employees up for success in retirement.

Agreement with Statements about Business and Government Responsibility

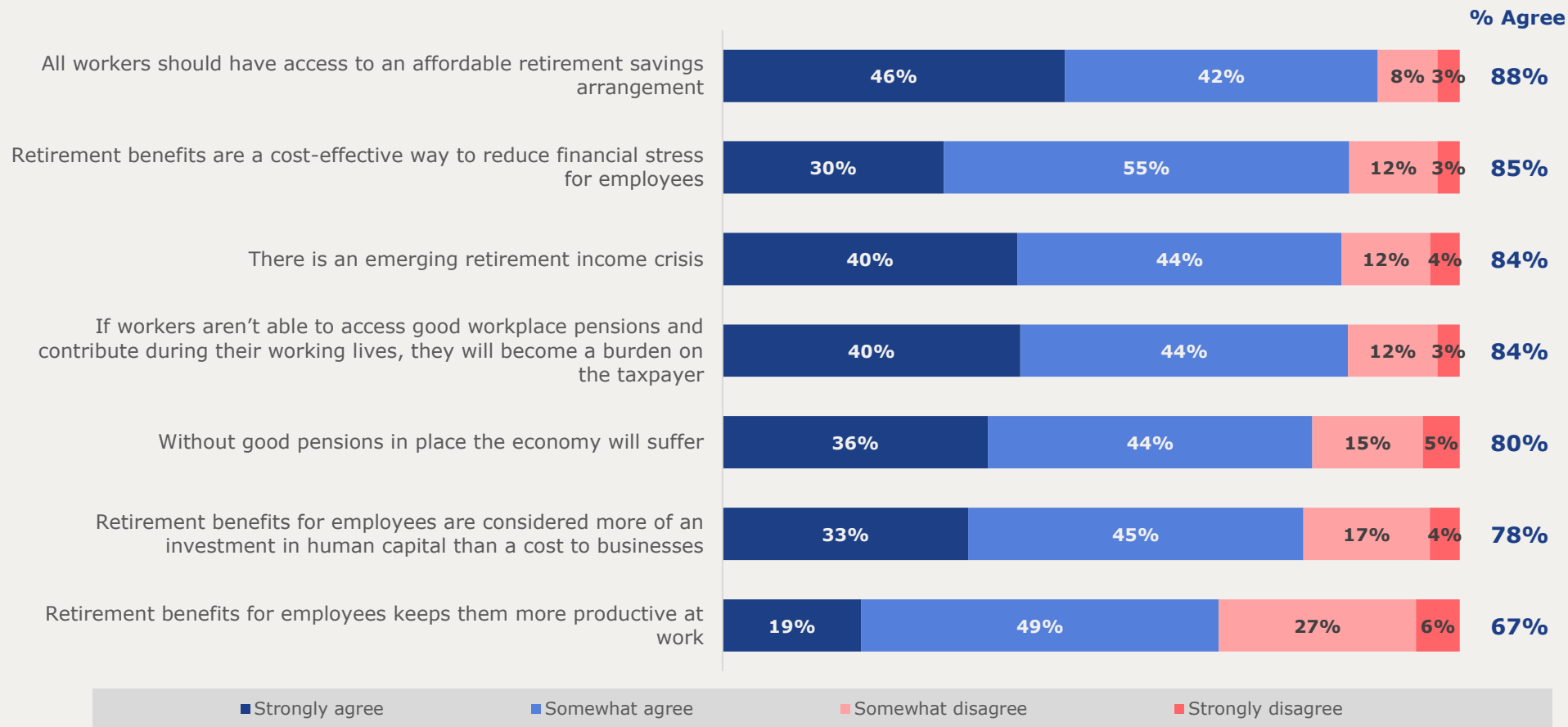


Large enterprises, business decision makers, and businesses that currently offer retirement benefits and/or DBPP's to their employees are generally more inclined to agree with statements about the responsibilities of business and government relating to employee benefits and retirement pensions.

Retirement Benefits and Pensions

While the majority of employers see retirement benefits as a cost-effective way to reduce financial stress for employees, they also see cost as the biggest obstacle for including them.

Agreement with Statements about Retirement Benefits and Pensions

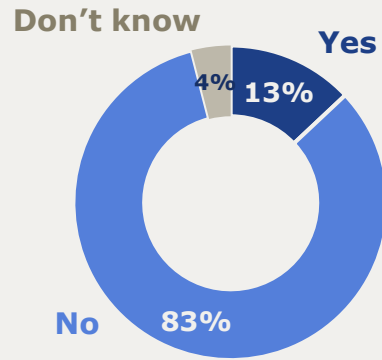


Firmographics

Firmographics

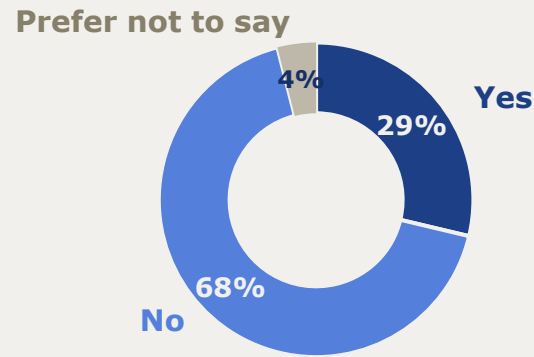
Minority Ownership

Among Non-Business Owners (n=701)

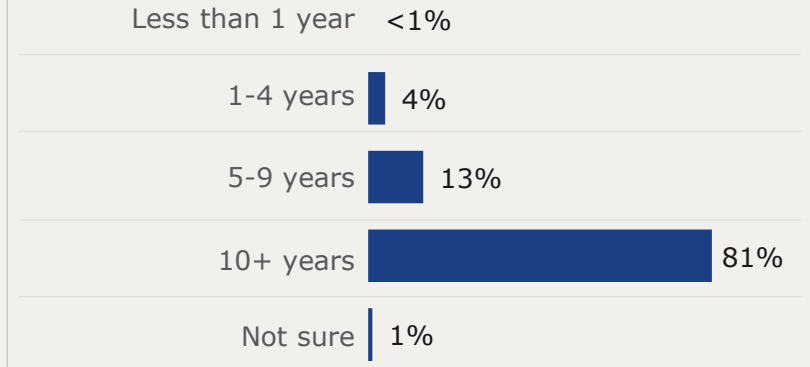


Identify as a Visible Minority

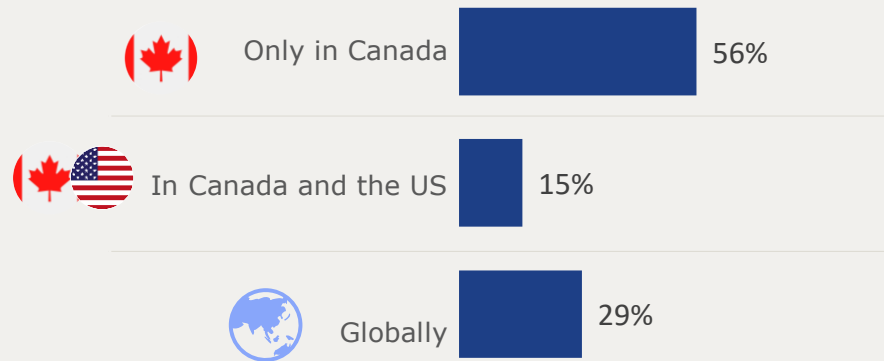
Among Business Owners (n=77)



Business Tenure



Primary Sales Region



Sales Customers and Channels



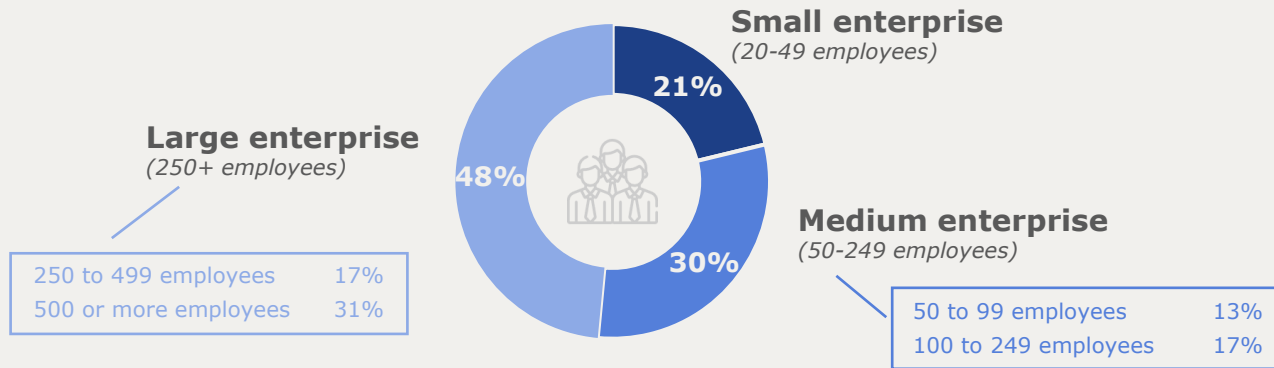
Base: All Respondents (n=778); Non-Business Owners (n=701), Business Owners (n=77); Sell to consumers (n=490)

QD1A. Is the business/organization you work for a minority owned business? | QD1B. Do you identify as a visible minority? | QD2. Does your organization currently sell its products or services... | QD3. Does your organization primarily sell its products or services... | QD4. Which of the following sales channels does your organization use sell its products or services?

| QD5. For how long has your business/organization been operating?

Respondent Profile

Number of Employees

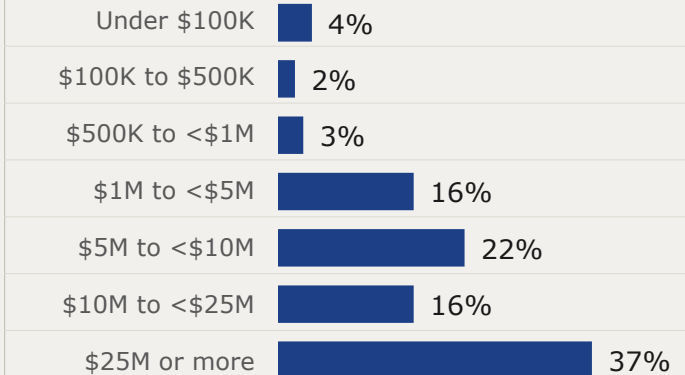


Business Industry or Sector

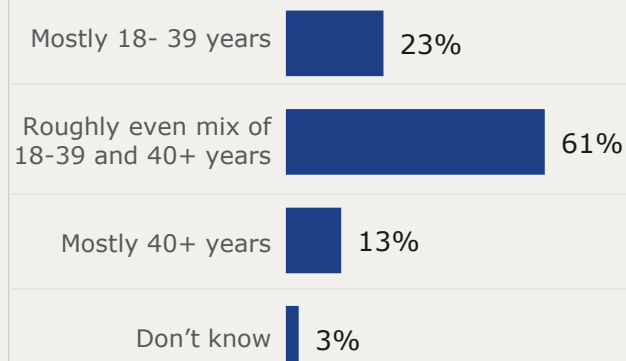


Annual Revenue

(most recent financial year)



Age of Employees



Base: All respondents (n=778)

QSC3. How many employees are currently employed at your business/organization? | QSC4. What was your business/organization's annual revenue in the most recent financial year? | QSC5. Which of the following best represents the industry or sector your organization belongs to? Select up to a maximum of two sectors. | QSC6. Which of the following best represents the age ranges of the employees working at your organization?

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questions that matter

Questions that matter.
Answers that count.