HOOPP
Healthcare of Ontario
Pension Plan

2022 Canadian Retirement Survey

Executive Summary

In the spring of 2022, the Healthcare of Ontario Pension Plan (HOOPP) commissioned Abacus Data to conduct its fourth *Canadian Retirement Survey*, an annual public opinion survey to capture the views of Canadians on the current economic climate, retirement preparedness, and personal and societal impacts of workplace pensions. Their responses suggest Canadian workers' retirement security is threatened, particularly for those under 35 whose barriers to home ownership and saving capacity are exacerbated by current economic conditions. With reduced access to some of the retirement savings vehicles that were available to previous generations, such as home ownership, those under 35 see the value in having access to better workplace pension plans.

1. Canadians are growing increasingly concerned about day-to-day cost of living impacting their ability to save for retirement

Concern about day-to-day cost of living has grown significantly in the last year (+11 points) and is the leading concern among Canadians (66% very concerned). They expect rising interest rates and inflation will cause their day-to-day expenditures to become less affordable (88%) and impact their ability to save for retirement (85%). While these financial pressures are widespread among Canadians, the situation for those under 35 years old is particularly troubling. The impact of these differences on younger Canadians signals a generational divide that is being compounded by economic conditions. ("Very concerned" means a rating of 7-9 on a scale of 1 to 9.)

- 32% of Canadians currently describe themselves as 'falling behind' (in terms of their standard of living), which grows to 47% if inflation continues to rise; 63% agree they will be forced to push out their retirement date if inflation continues to rise.
- Compared to Canadians over 35, those younger than 35 (18-34) are less likely to own a home (47% versus 67%) or have savings over $5,000 (54% versus 61%).
- 29% of Canadians under 35 say that if inflation continues rising, they will likely have more debt in the next six months; 83% agree they will be forced to push out their retirement date.

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2. Capacity to save is reducing for working Canadians, especially for those under 35

Almost three quarters of Canadians (72%) say that saving for retirement is prohibitively expensive (+7 points since 2021). If inflation continues to rise, one third of Canadians will not have much money to save and one quarter will have no money to save. Among working Canadians, one third have never set aside any money for retirement due in part to cost of living pressures.

- 38% of workers have not set aside any money for retirement in the last year and living paycheck to paycheck continues to be the top reason (42%).
- 35% of workers under 35 have never saved anything for retirement compared to 30% of workers over 35.

3. Inflation and housing affordability concerns for all Canadians, especially for those under 35

Over half of Canadians (56%) are concerned about housing affordability, with inflation adding further strain. Most non-homeowners are worried about what interest rates will do to their ability to buy a home (58%); an equal proportion of current homeowners are worried about what it will do to others' ability to buy their home when they want to sell and help fund their retirement. Furthermore, with high interest rates impacting younger Canadians' ability to take on more debt and reduce their existing debt, they see home ownership as a less viable means for saving for retirement than previous generations.

For Canadians under 35:

- 63% are very concerned with housing affordability, at significantly higher levels than those aged 45 and older (54%).
- Only 47% own a home compared to 67% who are aged 35 and older.
- 75% are worried about the impact of interest rates on their ability to buy a home, with an equal proportion worried about their ability to afford current/future mortgage payments.
- 91% indicate that rising interest rates have a big impact on their ability to take on more debt with 88% also indicating that they have a big impact on their ability to reduce their existing debt.
- Only 39% say getting into the housing market early is considered an effective way to save for retirement.

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4. Canadians recognize the personal value of pensions

Canadians of all generations recognize that a pension is a very effective vehicle to save for retirement and they're willing to pay for it despite financial strain; those with pensions feel better insulated from current and future economic conditions.

- 66% of Canadians would rather have a lower salary and a pension (or better pension) than a higher salary with no pension (or worse pension). While older Canadians who are closer to retirement are, predictably, more likely to take the pension over the salary, half of young workers under 35 still choose the pension over salary.
- Young workers understand the value of pensions. Among those under the age of 35, 'finding a job with a defined benefit pension plan' is considered the most effective way to save for retirement.
- 70% of Canadians without a pension say rising inflation will reduce their ability to save enough money compared to only 45% of those with a pension.
- 38% of Canadians without a pension say they are 'falling behind' while only 25% of those with a pension say the same.

5. Canadians recognize the societal value of pensions

As Canadians increasingly agree that there is an emerging retirement crisis (75%, +7 points since 2021), they continue to understand the societal benefits of pensions. The value of pensions is evident and is seen as a remedy to this developing crisis; however, the accessibility of pensions for many Canadians continues to be a challenge. Only 13% of those without a workplace pension think it is likely they will receive a pension while 58% think it is unlikely they will ever get one.

Across age brackets, three quarters of Canadians agree that:

- Without good pensions in place, the economy will suffer (77%).
- If workers cannot access good workplace pensions and contribute during their working lives, they will become a burden on the taxpayer (77%).
- All employers should be required to contribute in some way towards pensions for all workers (77%).
- We have a moral obligation to ensure our children have pensions like their parents and grandparents had (76%).

6. Conclusion

Since 2019, HOOPP and Abacus Data have been conducting the *Canadian Retirement Survey* and the retirement security picture for Canadians has remained bleak. In the latest survey, three quarters of Canadians (75%) believe a retirement income crisis is emerging (+7 points since 2021; stable since 2019). This crisis will disproportionately impact those younger Canadians as housing affordability concerns and costs of saving for retirement are intensified by interest rates and inflation.

Against this backdrop, Canadians across all generations recognize one solution is better workplace pensions. They see pensions as a more affordable and efficient way to save for retirement and are even willing to trade part of their current pay to access one. They also see how employers and governments benefit from offering workplace pensions because of the positive impact they have on businesses and the economy.

These findings are based on a survey conducted online with 1,716 Canadians aged 18 and older from April 21 to 27, 2022. The margin of error for a comparable probability-based random sample of the same size is +/- 2.35%, 19 times out of 20. The data is weighted according to census data to ensure that the sample matches the Canadian population according to age, gender, educational attainment, and region.