

conversation^{with Tim Shortill}



Tim Shortill

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"When more people can retire in dignity and comfort, everyone benefits," said Tim Shortill, chief operating officer at Healthcare of Ontario Pension Plan (HOOPP). This viewpoint has driven HOOPP for more than ten years to put into place a pension advocacy program. The organization aims to showcase the societal and economic value of good workplace pension plans for Canadian individuals, employers and government decision makers. HOOPP commissioned two pieces of research in 2022. The Canadian Retirement Survey with Abacus Data is conducted every spring and gauges the views of more than 1,700 adult Canadians on finances and the economy, saving for retirement and the general state of retirement security in Canada. The complementary survey, the Canadian Employer Pension Survey (CEPS) with Angus Reid Group, captures the employer perspective, speaking to 778 leaders at businesses with 20+ employees. This survey seeks employers' thoughts on similar retirement benefits issues, how the economy impacts their business, and their worries and strengths. Shortill discussed the results of the research with editor Tim Hennessy.

Many Canadians are financially unprepared for retirement. Do both employers and employees agree on the value of pensions?

Canadians understand the value of good pensions. The good news is more than 80% agree that all workers should have access to an affordable retirement savings arrangement, and 77% say that without good pensions, the economy will suffer. Seventy-four percent say that governments could save money by supporting more efficient pensions.

When you compare the findings across the 2022 editions of those two reports, there is a remarkable consensus. Employees and employers agree that pensions are an excellent way to attract and retain talent. They agree that employers have an obligation to help their staff save for retirement. And they recognize that offering benefits effectively reduces worker stress, making them more productive.

Why, then, is pension advocacy necessary?

While our research tells us that pensions are seen positively, it's vital that we not become com-

placent. We never know when sentiments may change. For example, we still occasionally hear people, including those in positions of power and influence, refer to the Canada Pension Plan as a "tax" rather than what it is—an investment. Might this mischaracterization catch on and push Canada, as a society, to value pensions less than we currently do? We want to leverage the desire for better pensions that we know exists presently amongst Canadians. This is why HOOPP does this research and why we share it as widely as we can.

What is the connection between pensions and productivity?

We found that employers reporting improved productivity are significantly more likely to favour benefits over cash in fighting inflationary pressures and recruiting new talent, compared to those with worsening productivity (45% vs. 31%). Employers reporting improved productivity are also twice as likely to be optimistic about maintaining employee morale, retaining current talent and recruiting new talent.

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In addition to productivity, what are employers' top concerns?

Interestingly, our research revealed that business owners are optimistic about their prospects, with 80% saying they are confident about their revenues and an equal number saying the same about profits. As to their concerns, inflation was number one. However, after inflation, their concerns were primarily directed at the workforce.

Employers recognize that workplace retirement savings plans are an excellent way to address the issues they are worried about, like employee mental health, the labour shortage and high turnover. Most also say retirement benefits are a cost-effective way to reduce financial stress for employees (85%) and are more of an investment in human capital than a cost to the business (78%).

Despite this recognition, the majority of employers are currently favouring wage increases over benefit enhancements as the best way to mitigate the effects of inflation for employees (67%) and as a means to attract new employees (71%). "Cash is king" can become a bit of a mantra when inflation is high and people are struggling to make ends meet.

What are the current warning signs you've observed when it comes to retirement security? Do employees lack the desire or ability to save?

As any financial expert will tell you: Save early and save often. Yet it can be hard to find the discipline to do this, which is why workplace pensions are so valuable—They force you to save, and for the most part, people learn to live on their net pay. We know that a majority of employees (66%) are willing to sacrifice a bit of pay in order to have a workplace savings plan that will take care of this for them.

We found another key point of consensus between employees and employers in this year's research: Canada is headed for a retirement crisis. Our general population survey with Abacus also revealed that saving for retirement is the number two financial priority among Canadians, with 53% citing it (affording day-to-day expenses was number one, at 62%). But many are struggling to accomplish it—32% of working Canadians say they have yet to save any-

thing for retirement, and 38% say they have saved nothing for retirement in the past year.

As David Coletto, chief executive officer of Abacus Data, said in June 2022 when we released the results, "The general outlook for retirement security in Canada is darkening."

What impact is the housing market having on retirement savings in Canada?

Nearly half of Canadian homeowners are planning to rely on the sale of a home to set themselves up for retirement. But this plan is becoming increasingly risky in the current environment.

In addition to the high levels of concern over current housing affordability, 58% of nonhomeowners say they are worried about what interest rates will do to their ability to buy a home. And an equal number of homeowners are concerned about others' ability to buy their homes as they approach retirement.

Are the available vehicles for retirement savings too complex or inaccessible for individuals?

We hope not. Our research illustrates that workplace pensions are integral for helping individuals save for retirement and make good business sense.

While we know that a Canada-model defined benefit (DB) plan is the most efficient means of saving, it need not be DB or nothing. Yes, we would love to see a future where every Canadian is a member of a workplace Canada-model pension plan. Still, we need to be realistic about what employers may see as possible for their organization. There are other options, and we emphasize that some sort of retirement savings plan, where the employer is helping employees save, is better than none.

Our research shows that retirement benefits are an effective way for employers to address today's labour market pressures and that employees and employers are both worried about a retirement crisis. Amid the economic, labour market and demographic changes, there is an opportunity to push a national conversation about the need to improve retirement security for all Canadians.

While it may seem idealistic, we would love to move a little closer to a future in Canada where employers don't think twice about offering retirement benefits—and where employees, from full-time to gig workers, wouldn't consider a job without them.