PENSIONS IN PERSPECTIVE

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Supporting adequate pensions and retirement with dignity.

Welcome to the latest edition of *Pensions in Perspective*, a newsletter that addresses issues of pension design and promotes innovative ideas about how to provide adequate retirement income to Canadian citizens.

In each issue, there is a mix of commentary, an In the News segment, Facts and Figures about pensions, and a look at what politicians are saying.

The newsletter is published four times a year, and past issues are posted on the HOOPP website and the blog of the Alliance for Retirement Income Adequacy, which can be found at ariapensions.ca. We encourage you to follow ARIA on Twitter – the handle is @ARIApensions

Enjoy!

HOOPP leadership in sustainability nets Canada's Clean 50 and Green Star awards

The Healthcare of Ontario Pension Plan (HOOPP) "continues to be recognized as a leader in sustainability and responsible investing, winning three prestigious awards," according to a recent media release from the pension plan.

HOOPP, the release notes, won two Canada's Clean50 awards. "Lisa Lafave, Senior Portfolio Manager at HOOPP, was honoured as one of Canada's Clean50 and recognized as a leader in sustainability in Canada, the release notes.

"Our sustainability program is designed around industry best practices to enhance asset values," states Lafave in the release. "Simply put, investing in healthy, efficient and high-quality buildings makes perfect business sense." HOOPP's Leap Conference and Awards won recognition in the Clean50 Top15 Projects category, which "recognizes projects for their innovation, ability to inform and to inspire other Canadians," the release notes.

And for a third year in a row, the release concludes, "HOOPP has earned a Green Star, the highest placement in the Global Real Estate Sustainability Benchmark (GRESB) Survey. HOOPP also ranked second in the GRESB peer group of North American Diversified (Office/Retail) real estate portfolios."

GRESB, the release notes, "is a progressive, global institutional investor sustainability assessment, sponsored by investors representing more than $6 trillion of owned assets. HOOPP has been an investor member and participated in the annual assessment since 2013."

HOOPP Healthcare of Ontario Pension Plan

50 YEARS OF SERVING OUR MEMBERS

FACTS AND FIGURES

- For the first time, there are more seniors in Canada (over age 65) than youth under 14. There are 5.78 million seniors versus 5.75 million young people.

  Source: Statistics Canada via Bloomberg

- 56% of Canadians doubt they will be able to afford the type of retirement living they want.

  Source: GfK pool via BNN

- 48% of Canadians over age 50 have saved only 25% of what they say they'll need to afford retirement. 47% are putting away only 5% of their pay.

  Source: Canadian Payroll Association via BNN

cont'd on page 3

58% of Ontarians without workplace pensions didn't save for retirement last year: survey

More than half of Ontarians without workplace pension plans saved nothing for retirement in the last year – and more than 83% fear that without better pension coverage Ontario is headed for a retirement income crisis.

Those are just some of the findings of a recent poll carried out for the Healthcare of Ontario Pension Plan (HOOPP) by the Gandalf Group. The research found Ontarians were "very concerned" or "somewhat concerned" about these key retirement planning topics:

- 58% without pensions at work saved nothing for retirement in the last year.
- 85% worry that without good workplace pensions, Ontarians will face senior poverty.
- 62% wonder if they will have enough money for retirement.
- 58% ask if their retirement savings are secure.

How much is enough retirement savings? The research found that half of Ontarians believe they will need an average of 63% of their working salary to live on in retirement.

78% of those surveyed felt that pension plans offered at work should deliver retirees at least 60% of their pre-retirement income. Gandalf conducted the survey of 1,132 Ontarians in early September.

IN THE NEWS

PSP Investments to open office in London

The Public Sector Pension (PSP) Investment Board has opened its first European office in London, England, the Wall Street Journal reports.

"PSP, which oversees the retirement savings of civil servants including the Royal Canadian Mounted Police, decided earlier in 2015 that it would expand beyond its home market," the Journal reports, quoting a PSP spokesperson. The report says PSP is also considering opening an office in Asia.

Canada's pension funds are broadening their international exposure, the Journal notes. The Alberta Investment Management Corporation, OMERS Private Equity, and the Ontario Teachers' Pension Plan all have London offices, the newspaper reports.

Seniors on fixed income are increasing their debt levels: Equifax

Despite the fact that they are living on a fixed income, Canadian seniors are increasing their debt levels, reports the CBC, citing research from Equifax.

Seniors, the network reports, "are increasing their debt loads at a much faster pace than the population at large, something that's sure to lead to problems down the line as their incomes aren't likely to keep pace." The CBC report notes that the average Canadian senior's per capita debt has jumped to just under $15,000, a 4.9% increase – and that figure does not include mortgage debt.

"Seniors of today are behaving slightly different than the seniors of yesterday," Regina Malina, a senior director of insights for Equifax, tells the CBC. She told the broadcaster that the increase in debt may stem from "having to help adult children or other family members with their own financial hardships."

cont'd on page 3

from page 2

Six in 10 Canucks plan to work past age 65: Ipsos Reid

Do Canadians have sufficient retirement savings, or adequate pension coverage at work?

A report in the Globe and Mail suggests they may not. The article notes that six of 10 Canadians surveyed plan to work past age 65, citing research conducted by Ipsos Reid.

The article notes just "27% figure they'll be fully retired" by age 65. Just seven years ago, less than 50% of Canadians expected to work beyond age 65 and 51% expected they would be retired by that age, the article notes.

"Two main reasons for needing to work longer are to earn enough money to pay basic living expenses, and concern that government pensions will not be enough to live on," the report notes.

In B.C., senior bankruptcies are on the rise

Without a pension plan that provides lifetime income, it's possible you could run out of money.

That scenario is becoming a concern in British Columbia, reports Kelowna's Castanet.net website. There, seniors are "outliving their savings, carrying debt in retirement, and facing the looming threat of bankruptcy during their golden years," the website reports.

The site quotes numbers from the Office of the Superintendent of Bankruptcy and Statistics Canada as saying that 10.9% of bankrupt B.C. residents were age 65 and over.

"Across the country, retirement-age bankruptcy has emerged as a real threat to the financial security of our seniors," Jay Christensen, a financial expert with First West Credit Union's Valley First division, states in the Castanet.net article. "It's no secret people are living longer, healthier lives. This longevity needs to part of your financial planning discussions; you don't want to outlive your retirement income."

Links to articles referenced:

Wall Street Journal: http://blogs.wsj.com/privateequity/2015/09/10/london-calling-another-north-american-pension-heads-to-the-uk/?mod=WSJBlog

CBC: http://www.cbc.ca/news/business/canadian-debt-loads-increasing-especially-for-seniors-equifax-says-1.3229118

Globe and Mail: http://www.theglobeandmail.com/globe-investor/personal-finance/retirement-rrsps/more-canadians-considering-delaying-retirement-past-age-of-65-poll/article23038027/

Castanet.net Kelowna: http://www.castanet.net/news/Business/147101/Bankruptcy-threat-to-seniors

from page 3

FACTS AND FIGURES

- 42.5% of Canadians aged 65 and older report having debt, up from 27.4% in 1999. The average debt load was $61,700 in 2012, a 94% increase from 1999.

  Source: Vanier Institute via Insurance & Investment Journal

- Personal savings rates have fallen from 22.7% in 1982 to 4.6% today.

  Source: Scotiabank via PLANT magazine

HOOPP
Healthcare of Ontario Pension Plan

50 YEARS OF SERVING OUR MEMBERS

Pensions in Perspective
Pensions in Perspective is produced by the Public Affairs team at the Healthcare of Ontario Pension Plan.
All stories may be reprinted with permission. Submitted articles are welcome.

Editor: Joe Vecsi, Senior Manager Public Affairs – jvecsi@hoopp.com
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