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HOOPP
Healthcare of Ontario
Pension Plan

HOOPP Survey on Pensions

May 28, 2012



- ❑ The following is a report on the final data collected as part of the 2012 HOOPP Survey on Pensions. The Gandalf Group was pleased to collect responses on behalf of HOOPP.
- ❑ Survey participants came from the general public in Ontario.
- ❑ The online survey was fielded between May 3rd and May 16th, 2012.
- ❑ The random sample of the Ontario population was weighted to reflect the age and gender characteristics of the Ontario population.
- ❑ The sample of n=1112 was drawn from a randomly recruited panel that supports confidence intervals and error testing. The associated margin of error was +/- 2.94, 19/20.
- ❑ Twenty-two percent of the sample is retired.
- ❑ Thirty-nine percent have no workplace pension plan, 34% have a defined benefit plan, 15% have a defined contribution plan and 5% have both types of plan. Ten percent said they didn't know if they had a pension or not.



- ❑ The survey instrument was designed to achieve several objectives including understanding:
 - Relative concern regarding adequate retirement income
 - Expected sources of retirement income
 - Anticipated retirement income needs
 - Preferences for workplace pension plans
 - Perceptions of how well Canadians are prepared for retirement
 - Perceptions of public service pensions including specifically nurses among others
 - Support for a variety of pension reforms including private sector reforms and public sectors reforms

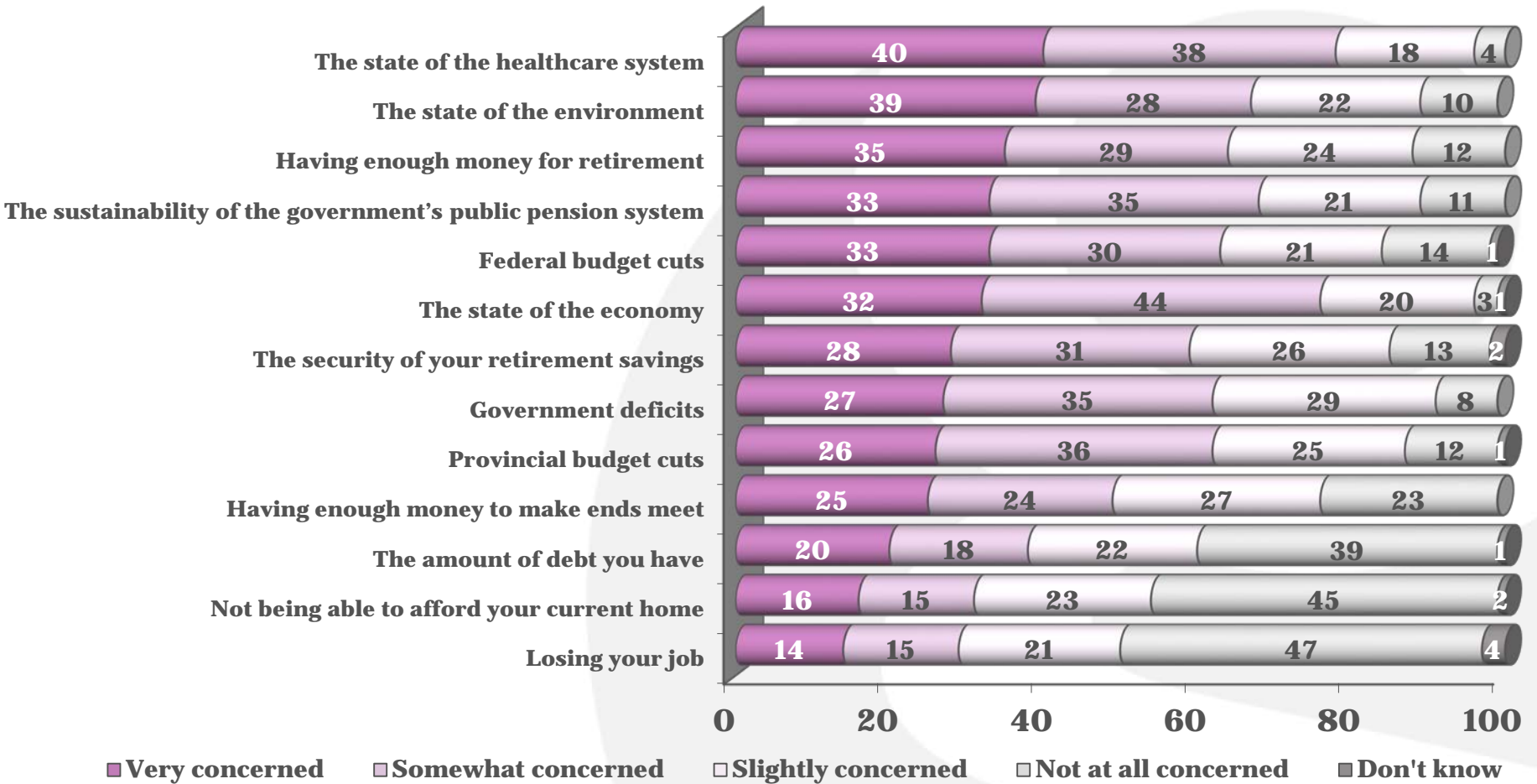
The analyses focuses on understanding how these concerns and preferences differ among different subsets of the Ontario population.



- ❑ Ontarians are very worried about having enough money for retirement.
- ❑ Of all the economic items tested, concern is highest regarding adequate retirement income.
 - More than one third of Ontarians are very concerned they won't have enough money for retirement and another 29% are somewhat concerned.
 - Concern is also widespread - just 12% are not at all concerned.
 - Among Ontarians who are working age, concern is even higher with 39% very concerned and another 32% somewhat concerned.
- ❑ In fact, more Ontarians are worried about having adequate income in retirement than are worried about their personal debt. Among working age Ontarians just 24% are very concerned about the amount of debt they have and one third are not at all concerned.



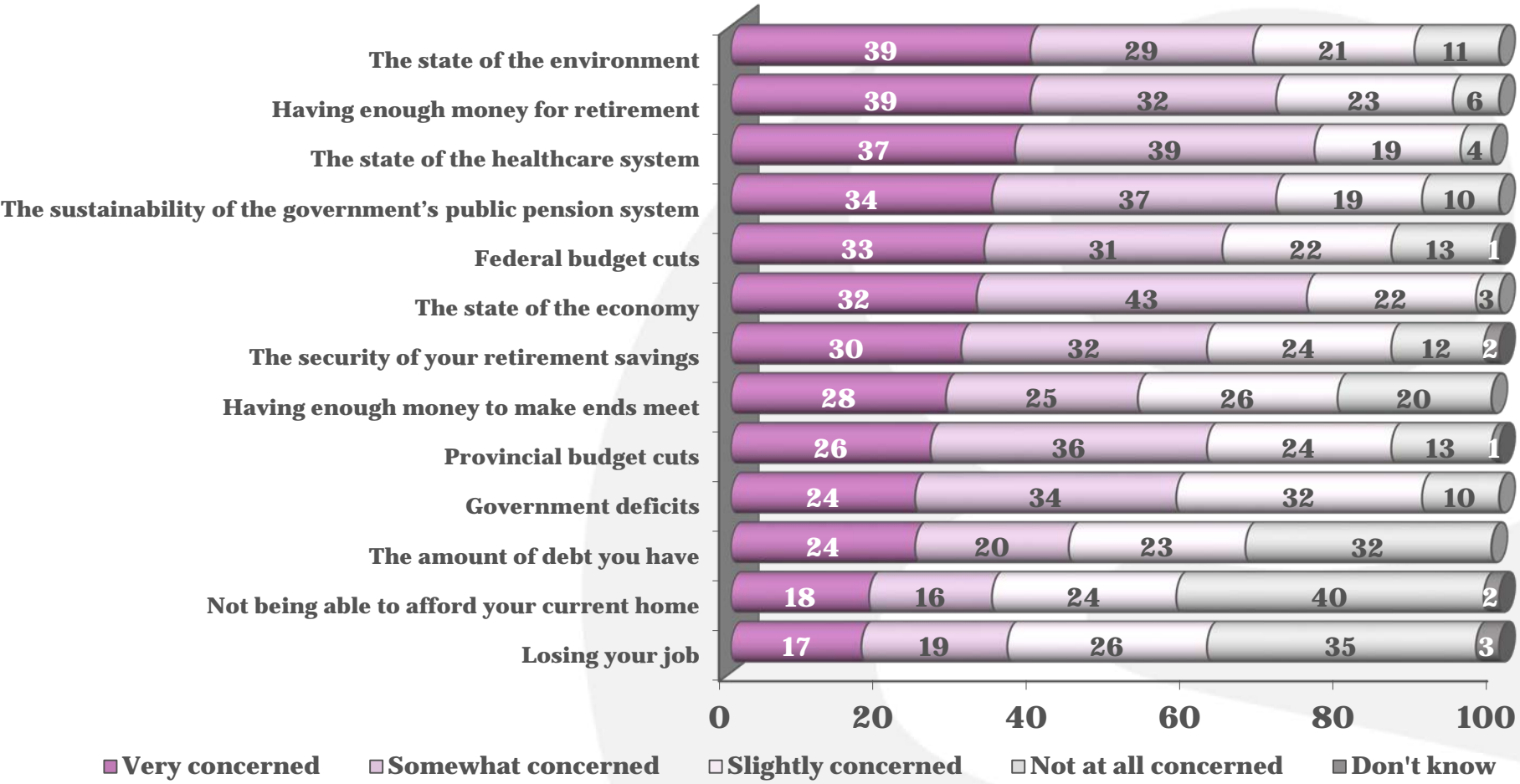
“How concerned are you personally about each of the following?”





Issues of Concern Among Working Ontarians

“How concerned are you personally about each of the following?” (Among working Ontarians n=766)



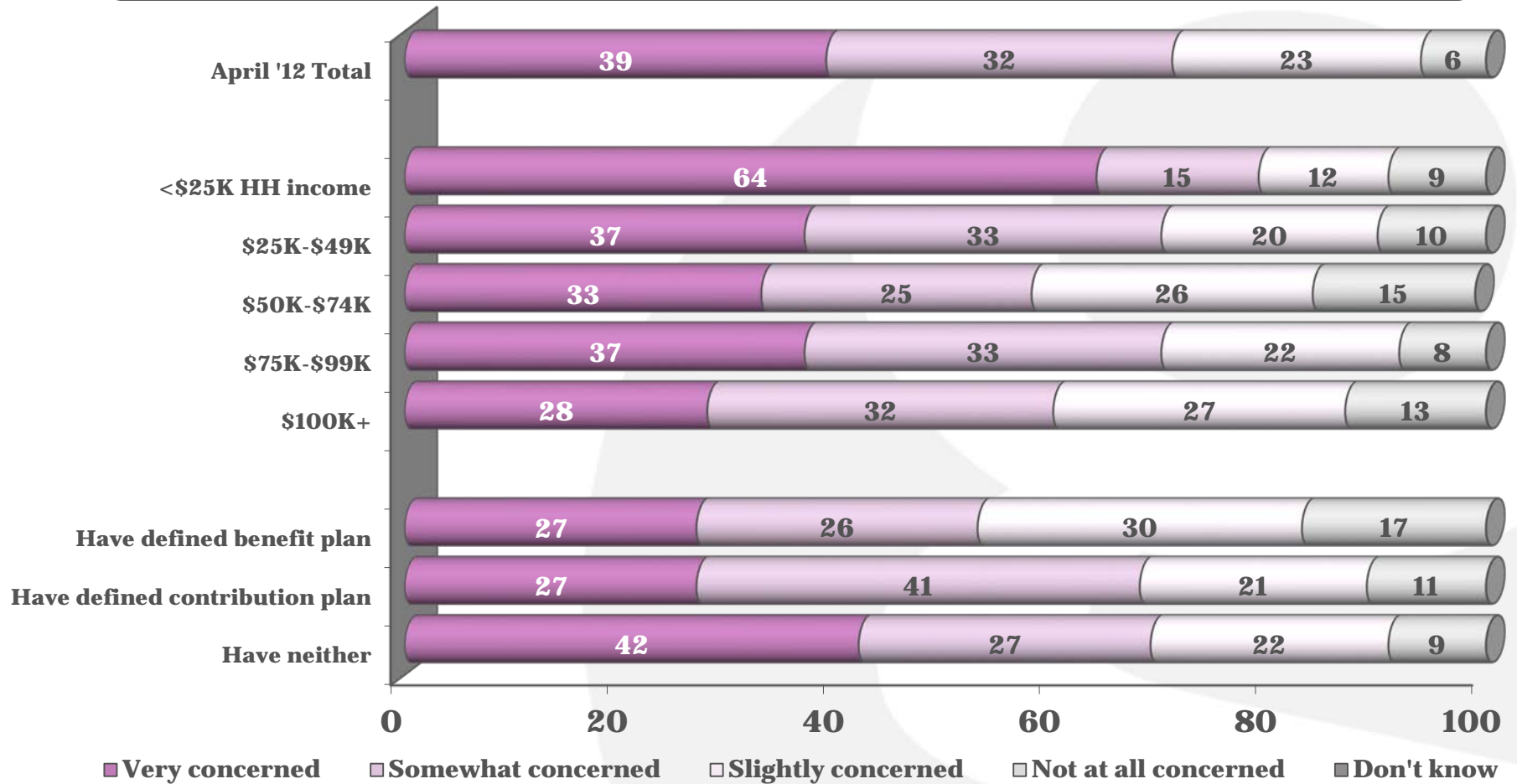


- ❑ Concern over retirement income is particularly acute for the lowest income Ontarians, but is not limited to lower income Canadians, 60% of those with household incomes of more than \$100k are at least somewhat concerned.
- ❑ Ontarians who participate in workplace pension programs are less concerned about having enough money in retirement than those who don't.
 - Forty two percent of those Ontarians who have no workplace pension plan are very concerned compared to just over one quarter of those with a workplace pension plan
- ❑ Those with a defined benefit plan are significantly less concerned than those with a defined contribution plan.
 - While almost half of defined benefit participants have only slight or no concern this drops to one third of those with a defined contribution plan.



Concern About Having Enough Money for Retirement

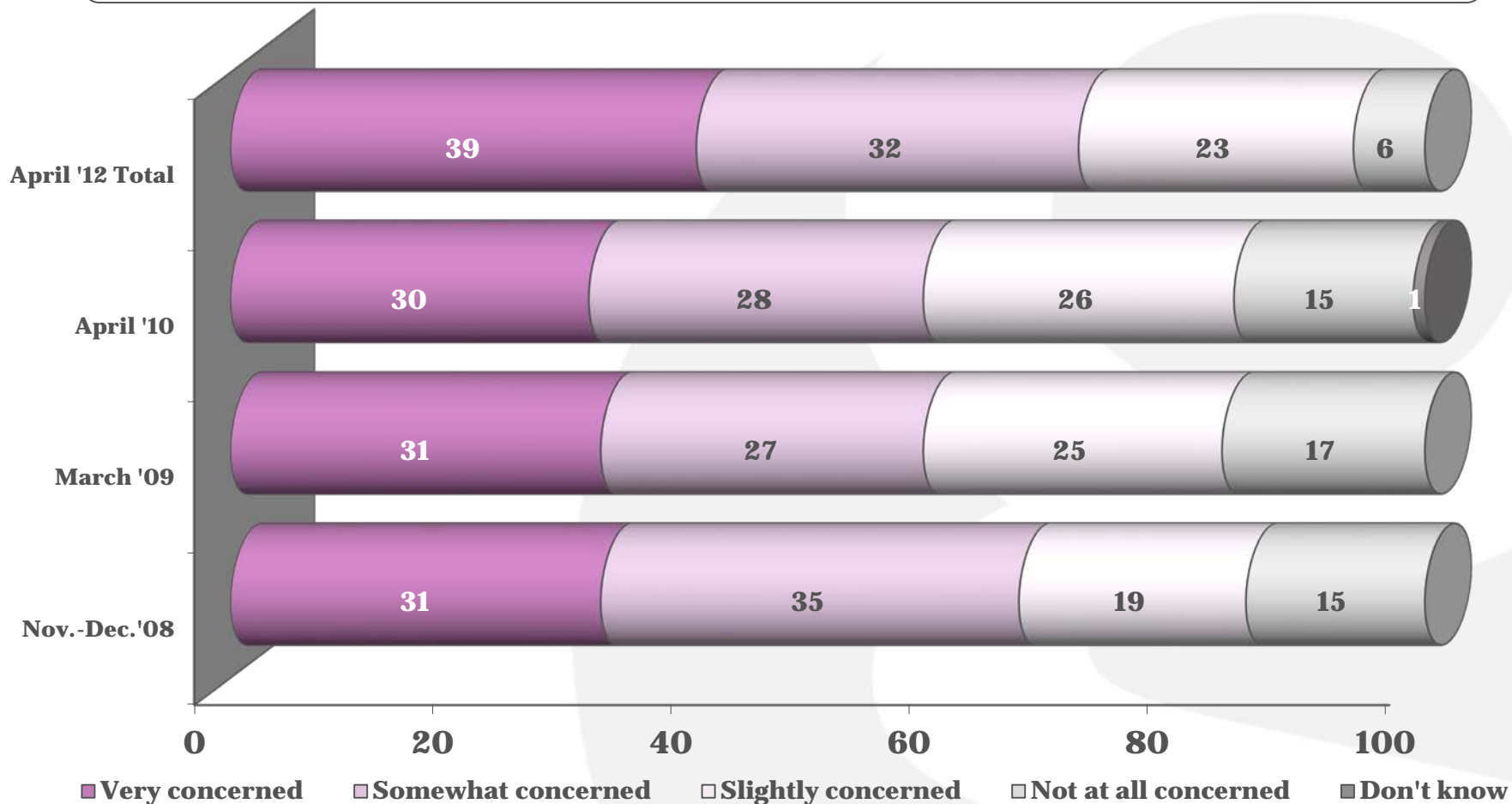
“How concerned are you personally about each of the following? Having enough money for retirement”





Issues of Concern Among Working Ontarians

“How concerned are you personally about each of the following? Having enough money for retirement”





- ❑ More Ontarians are relying on the income from a home or property they own to provide adequate retirement income than on any other source.
 - Almost 40% of Ontarians say they are very confident this property will provide them with adequate income retirement.
 - This is particularly high among those Ontarians with household incomes of \$100k+ (47%).
- ❑ While DC pension participants are looking to individual retirement savings, DB pension participants are looking to workplace pensions for retirement income.
 - One third of Ontarians are very confident that their individual retirement savings will provide adequate income – this is highest among the highest household income bracket (35%) and even higher among DC pension participants (42%).
 - Almost one third of Ontarians are very confident that workplace pension plans will provide adequate income retirement – this is particularly high among defined benefit pension participants - 59% and low among DC pension plan participants (28%).
- ❑ Just 21% of Ontarians are very confident that government public pension programs will provide adequate income in retirement.



What Are People Relying on for Retirement Income?

“Now, for the following, please tell us how confidently you feel that each will provide adequate retirement income for you. Tell us on a scale of one to nine where one means not confident at all and nine means very confident.”

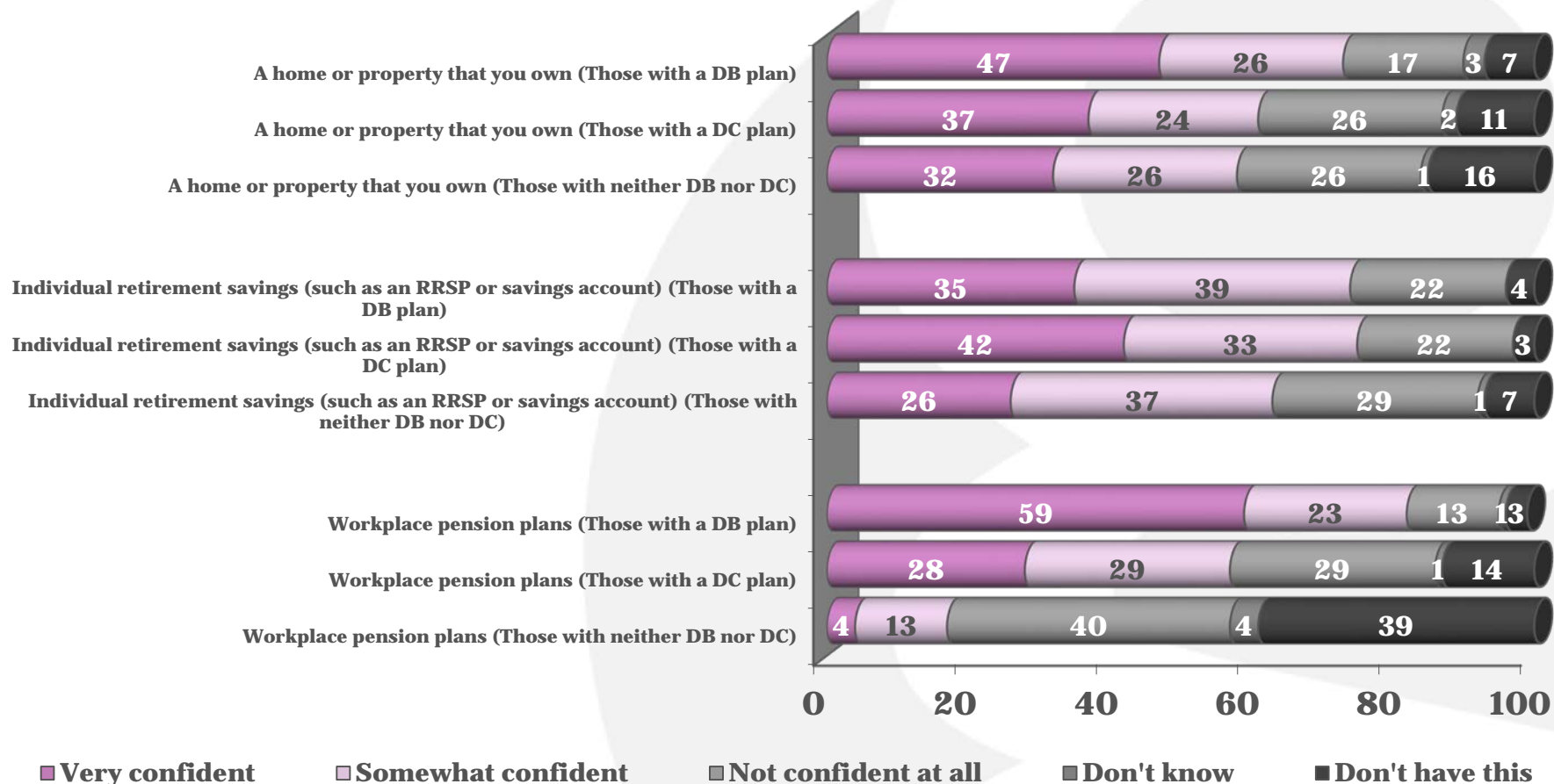




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What Are Those With Pensions or Those Without Relying on for Retirement Income?

“Now, for the following, please tell us how confidently you feel that each will provide adequate retirement income for you. Tell us on a scale of one to nine where one means not confident at all and nine means very confident.”

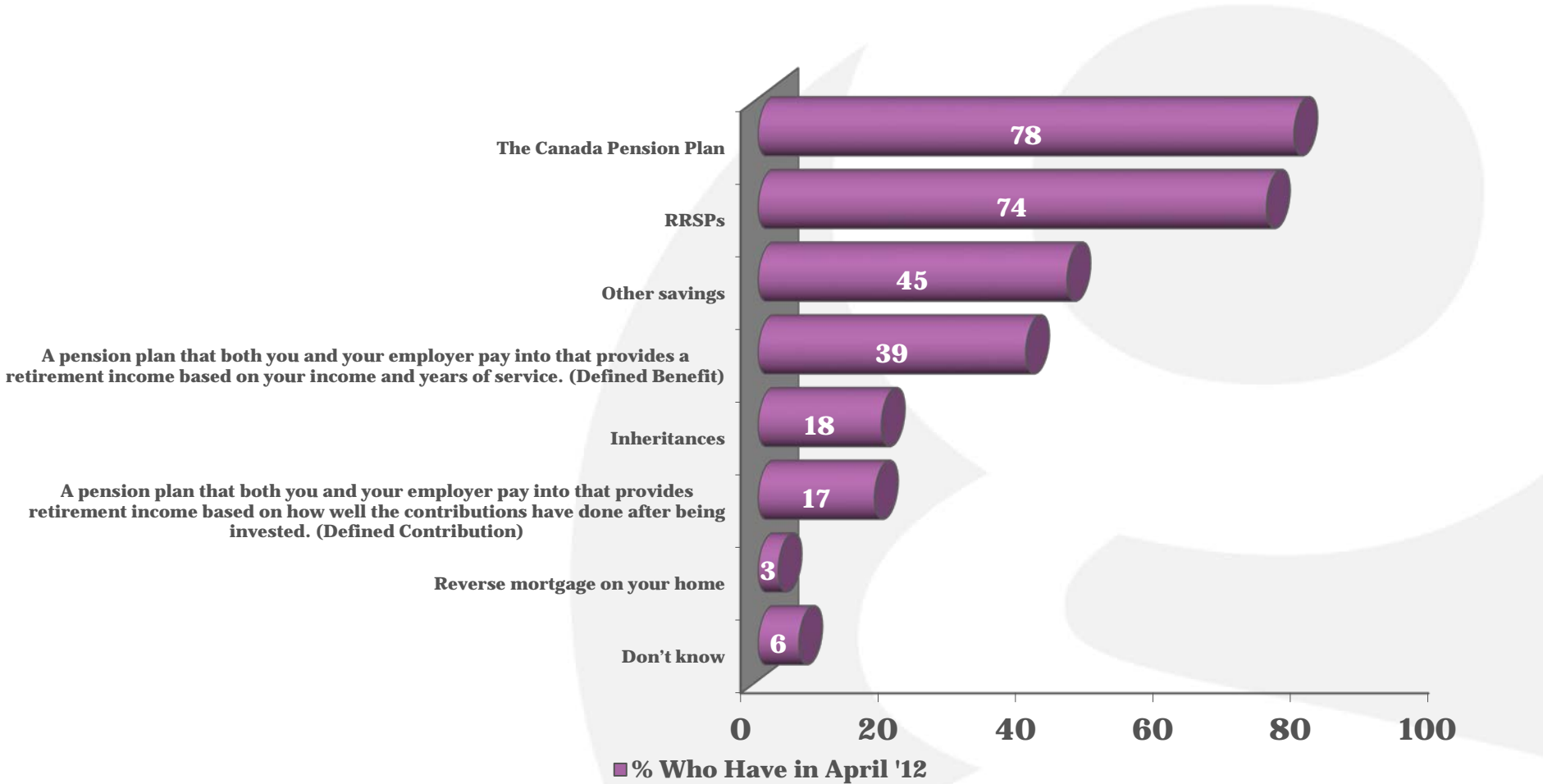




- ❑ The CPP and RRSPs are the two retirement income vehicles that a majority of Ontarians will rely on
 - Three quarters of Ontarians expect to have CPP and RRSPs for retirement income.
 - Almost half (45%) have savings other than RRSPs.
 - Thirty nine percent are members of a defined benefit pension plan while just 17% are members of a defined contribution pension plan.
- ❑ Of the three quarters of those surveyed who are not already retired, 60% said they saved some portion of last year's salary as retirement savings. Most saved no more than 10% or less of their annual income.
 - 45% saved 1% to 10% while 25% saved between 11-20%
 - The percentage of income saved increases with income earned
 - And, the percentage of income saved jumps at age 45 and increases thereafter
- ❑ When asked why they didn't save or save more, the main reasons are that living expenses/cost of living is too high or that wages are too low to allow for saving.



“Which of the following sources of retirement income do you have? Select all that apply?”

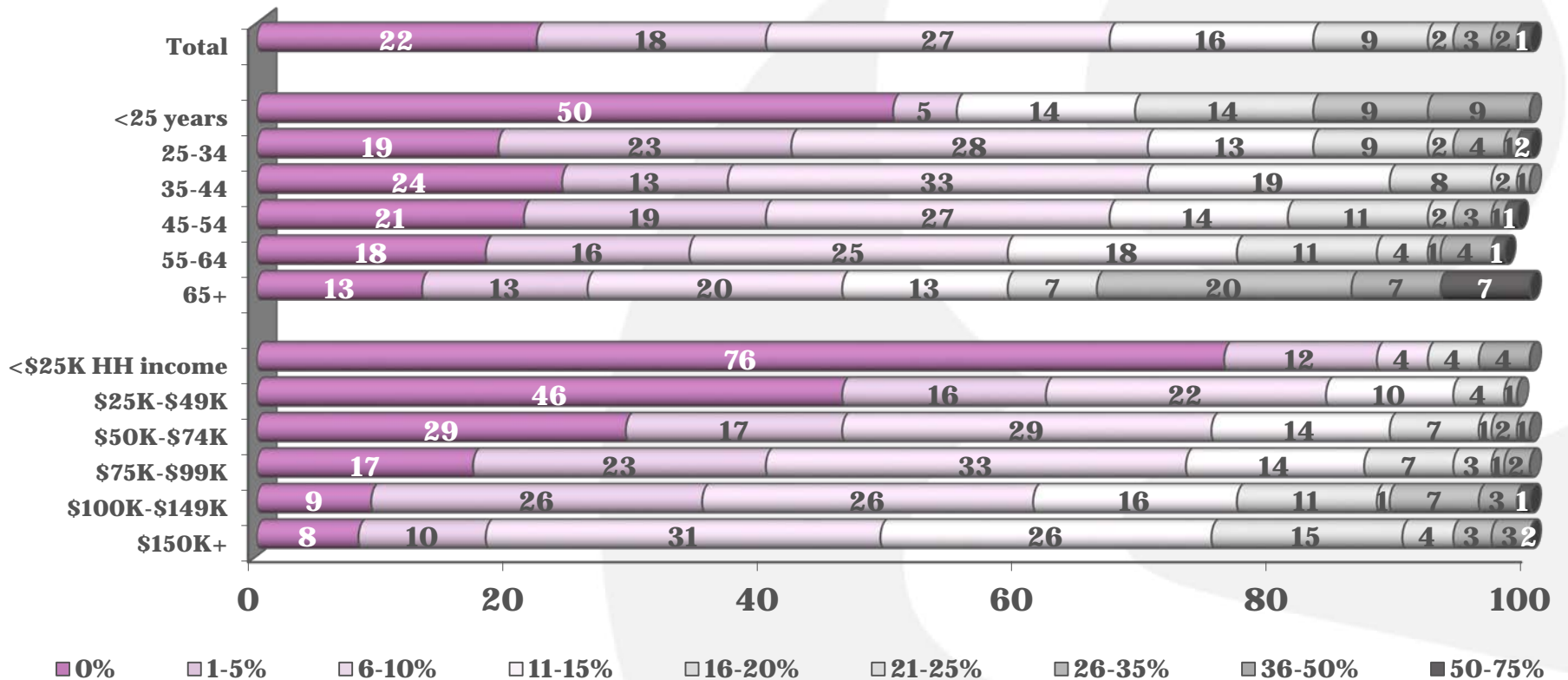




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What Percentage of Income Did People Set Aside For Retirement?

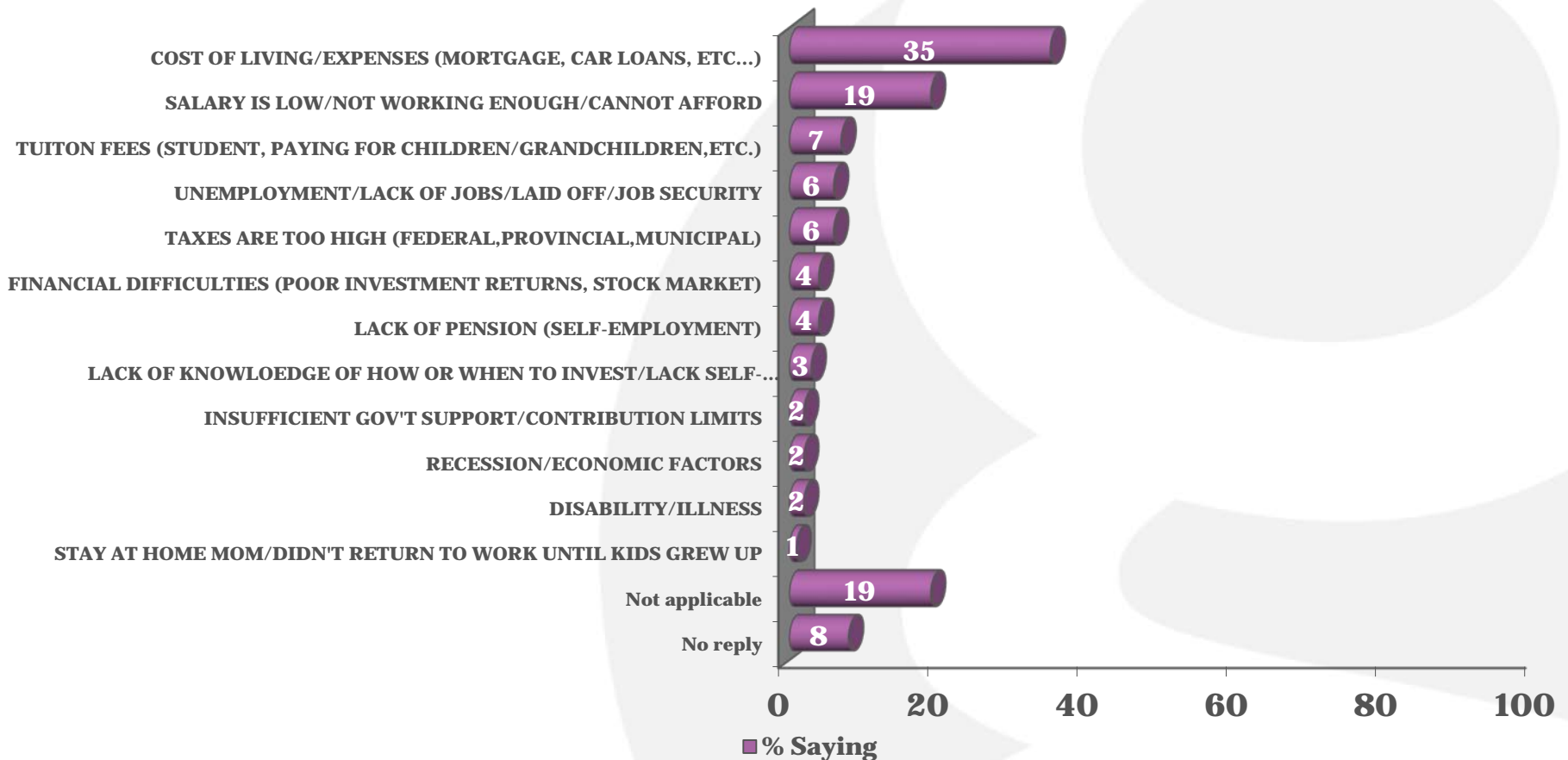
“What percentage of your annual income would you say you set aside or saved over the past year for retirement?” (If not retired n=628 – don’t know suppressed)





What's Prevented People from Saving as Much as Possible for Retirement?

“What has prevented you from saving as much as you would like for retirement?”



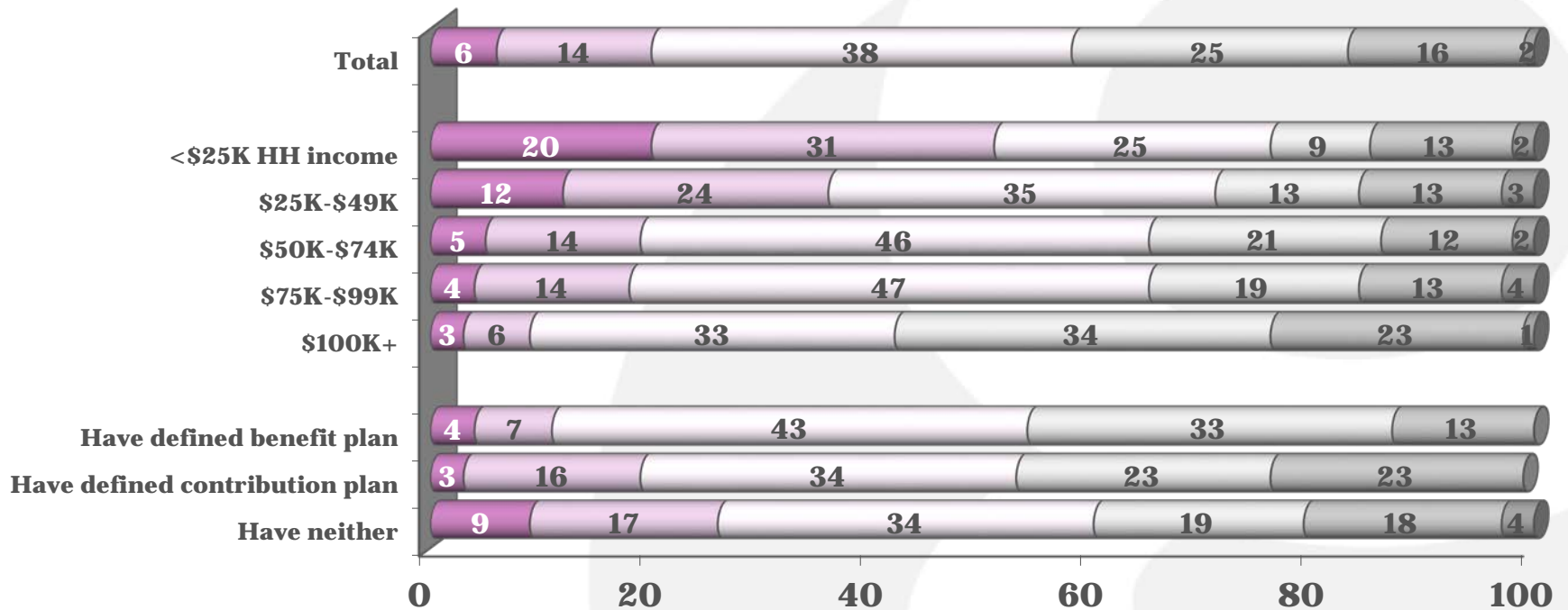


- ❑ While most Ontarians expect to receive CPP, few Ontarians are relying primarily on government pension programs for retirement – just 20% are mostly relying on these programs.
- ❑ A majority (63%) will only rely moderately on these programs.
 - Lower income Ontarians (those with \$50k and less in household income) are the most likely to say they will rely heavily on these programs while higher income Ontarians (\$100k+ in household incomes) are the least likely to say they will rely on these programs
- ❑ Those with a workplace pension program are the least likely to believe they will need to rely on government pension programs
 - Almost half of defined benefit (46%) and defined contribution participants (46%) say they will rely slightly if at all on these programs compared to just 37% of those Ontarians without a workplace pension program.



How Much are People Relying on Public Pensions?

“How much are you relying on government public pensions such as the Canada Pension Plan or Old Age Security to ensure that your retirement income is adequate, *either right now or in the future?* Would that be:”



- Completely relying on government public pensions
- Relying mostly on government public pensions
- Relying somewhat on government public pensions
- Relying slightly on government public pensions
- Not relying on government public pensions at all
- Don't know



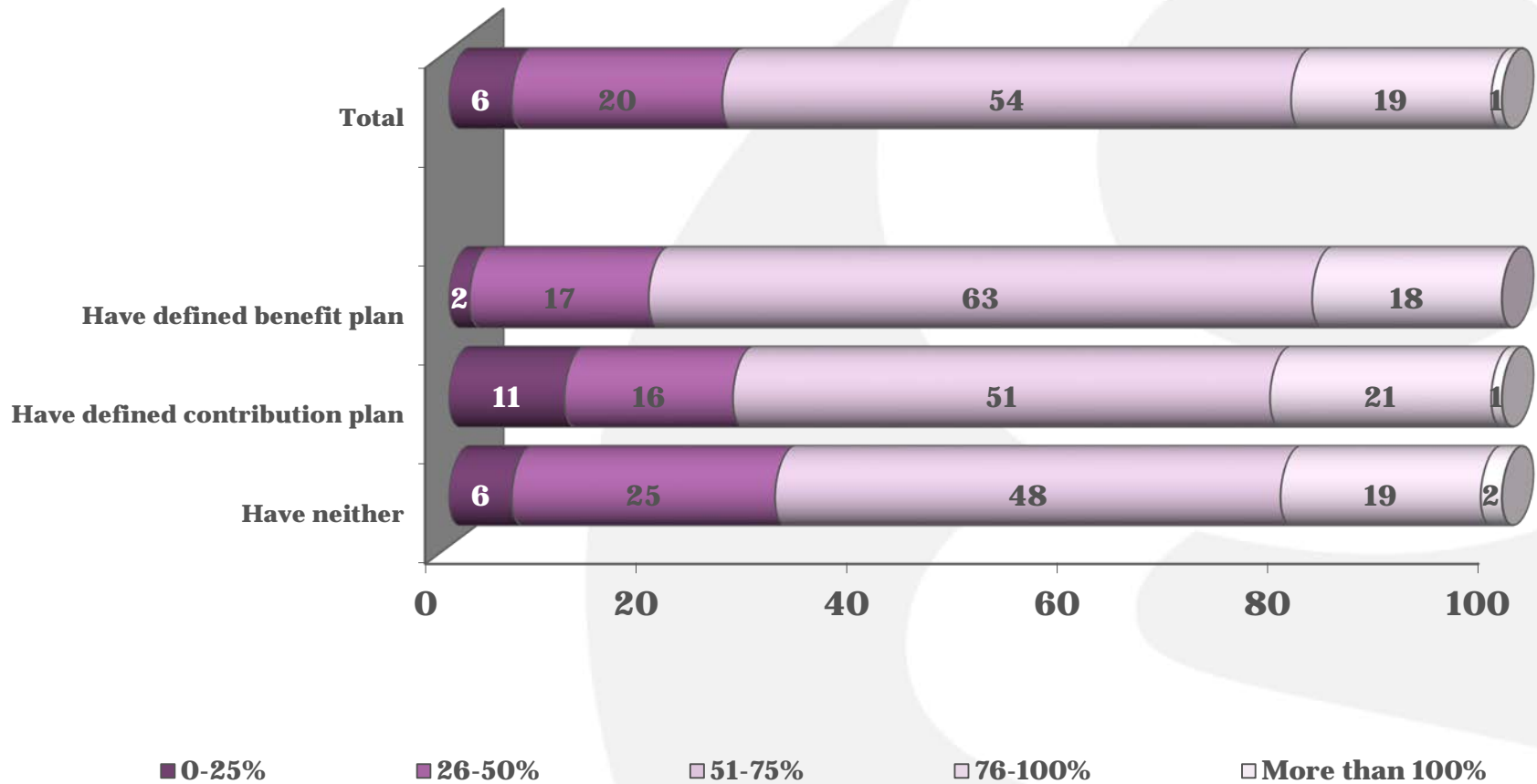
Expected Income Needs in Retirement

- ❑ Most Ontarians (54%) say they will need between 51% and 75% of their working salary as retirement income.
 - This is significantly higher among DB participants (63%).
- ❑ One quarter of Ontarians believe they will need 50% or less of their working income for retirement.
- ❑ Just 20% of Ontarians estimate they will need between 76-100%.



Percentage of Pre-Retirement Salary Thought to be Needed in Retirement

“What percentage of your pre-retirement salary do you think you need to enjoy a financially secure retirement?”





Anticipated Retirement Income

- ❑ Ontarians' concern over having adequate income in retirement appears well founded. The gap between expected needs and expected income is significant.
- ❑ Forty percent of Ontarians expect to receive less in retirement than they anticipate they will need.
- ❑ While just 26% thought they would need 50% or less, half of Ontarians (46%) expect to receive less than half of their working income as retirement income.
 - Those with the lowest household incomes (\$50k or less) have the greatest gaps between what they think they will need vs. what they think they will receive. Sixty percent of those Ontarians with \$50K or less in household income believe they will receive less than half of their working income in retirement.
 - For those Ontarians with household incomes of between \$50k and \$99k per year, although just one quarter expect to need only half of their working income in retirement almost half (47%) believe they will receive less than that.
 - For the richest Ontarians (those with \$100k+ in household income) there is virtually no gap between expected needs and what they anticipate receiving.



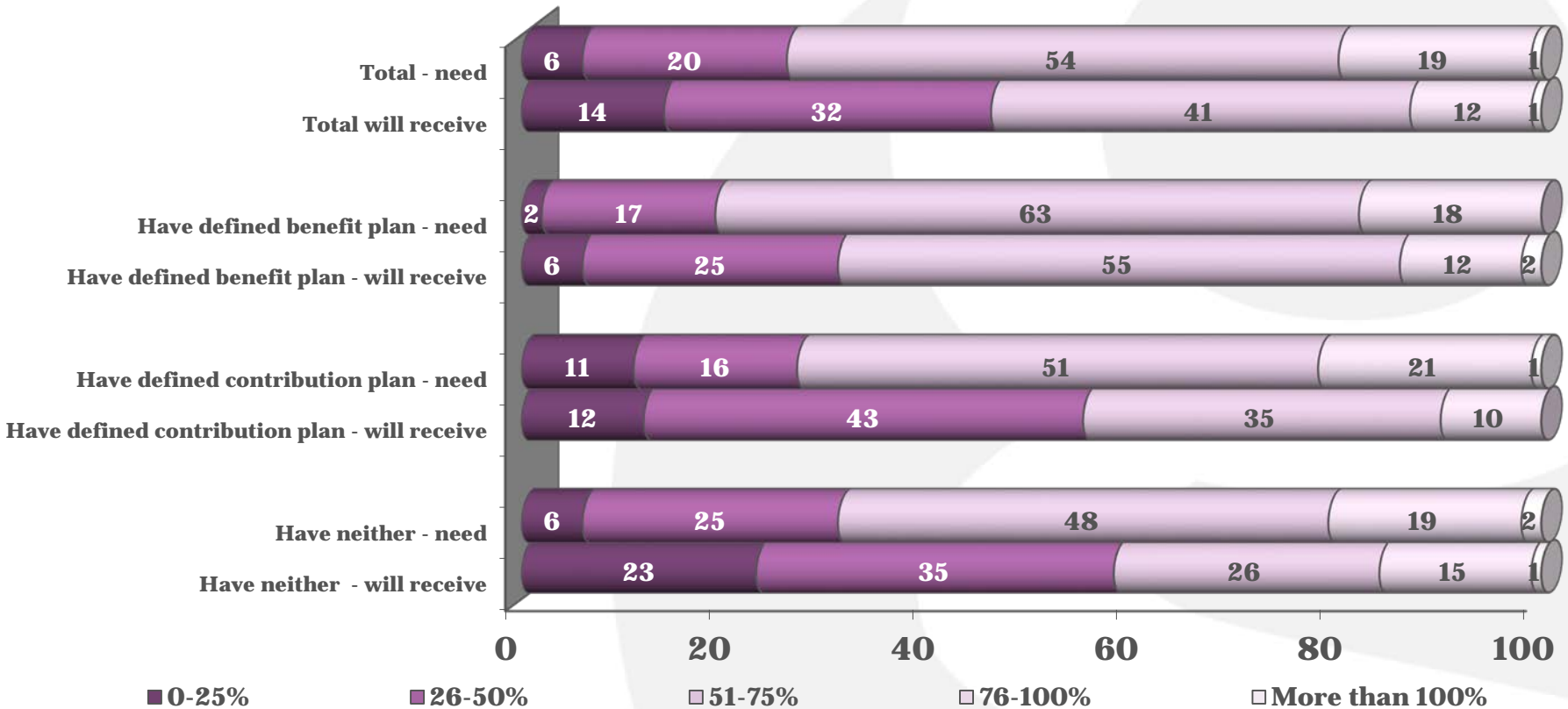
Anticipate Retirement Income – Pensions Matter

- ❑ DB participants have the smallest gap between expected need and expected income. While 81% anticipated needing at least half of their pre-retirement income, 79% anticipate receiving that amount.
- ❑ For DC participants, while 73% believe they will need at least 50% of their working salary less than half expect to receive that amount.



What Percent of Pre-Retirement Income Do People Need/Anticipate Receiving?

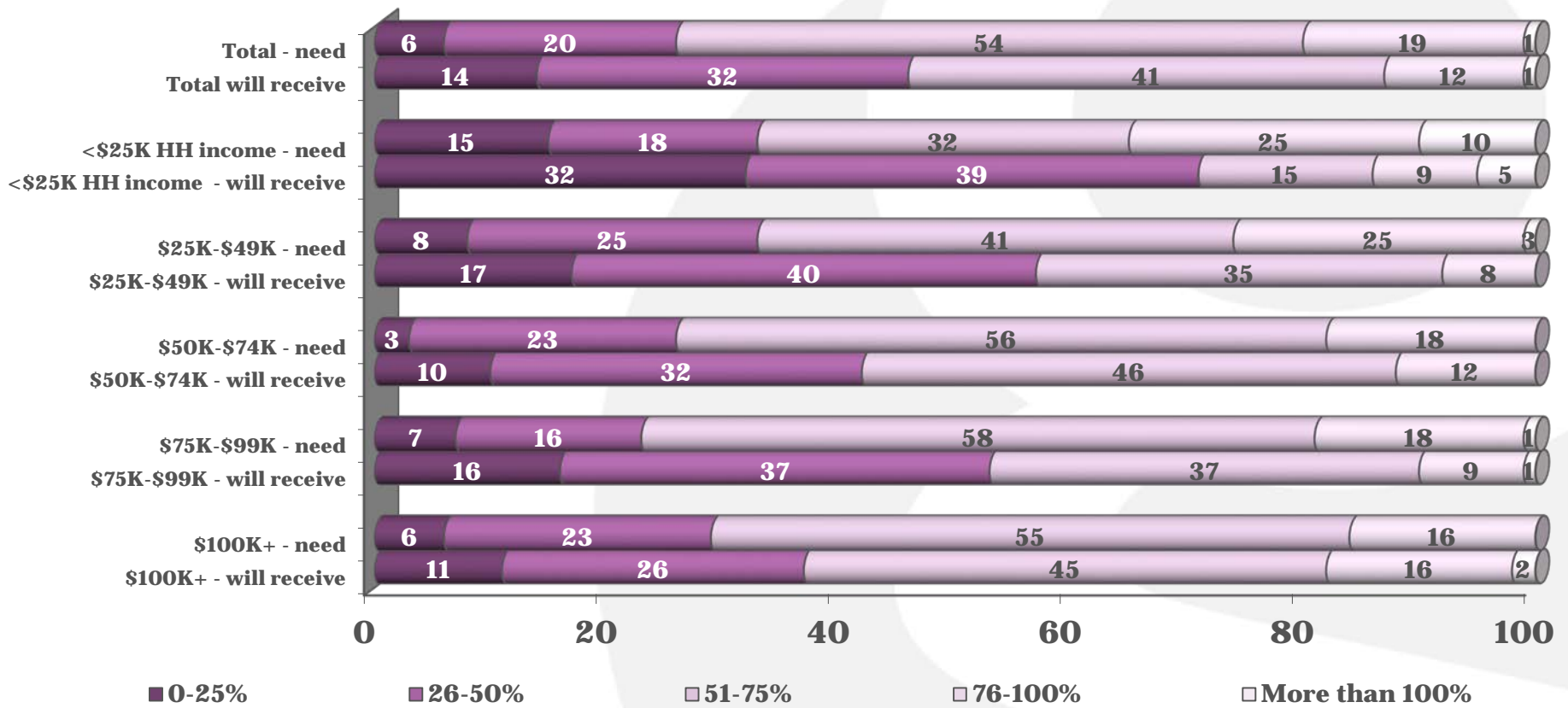
“What percentage of your pre-retirement salary do you think you need to enjoy a financially secure retirement?” What percentage of your pre-retirement salary do you think you will receive as retirement income from all your sources of retirement income (e.g. from CPP, OAS, individual retirement savings and/or workplace pension plans)?”





What Percent of Pre-Retirement Income Do People Need/Anticipate Receiving?

“What percentage of your pre-retirement salary do you think you need to enjoy a financially secure retirement?” What percentage of your pre-retirement salary do you think you will receive as retirement income from all your sources of retirement income (e.g. from CPP, OAS, individual retirement savings and/or workplace pension plans)?”





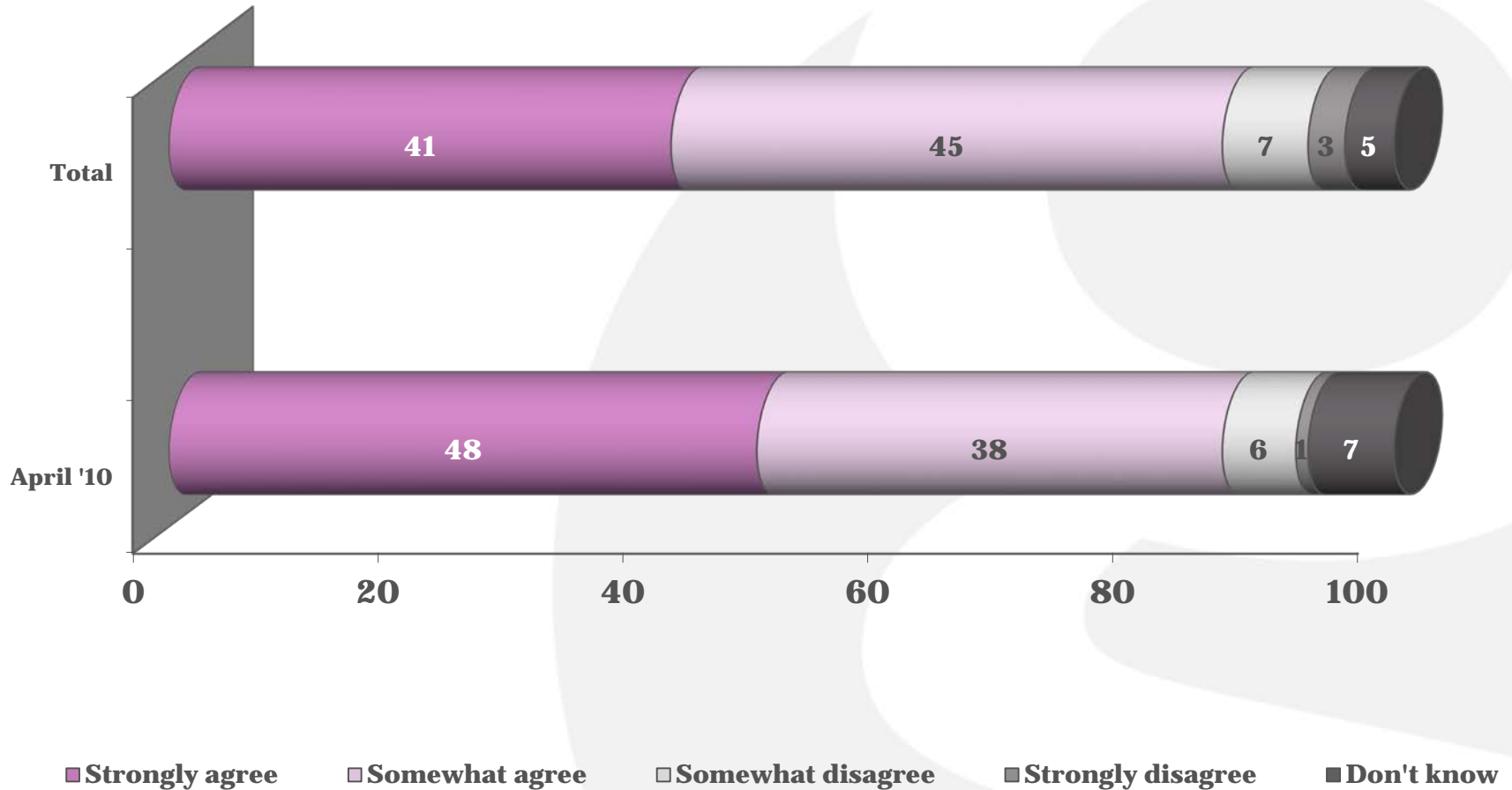
Retirement Income Crisis

- ❑ Not surprisingly, a vast majority of Ontarians believe there is an emerging retirement income crisis in Canada.
- ❑ And Ontarians are willing to spread the blame from the individual to a lack of government action to employers.



Is There An Emerging Retirement Income Crisis in Canada?

“And, please tell us if you strongly agree, somewhat agree, somewhat disagree or strongly disagree. There is an emerging retirement income crisis in Canada.”

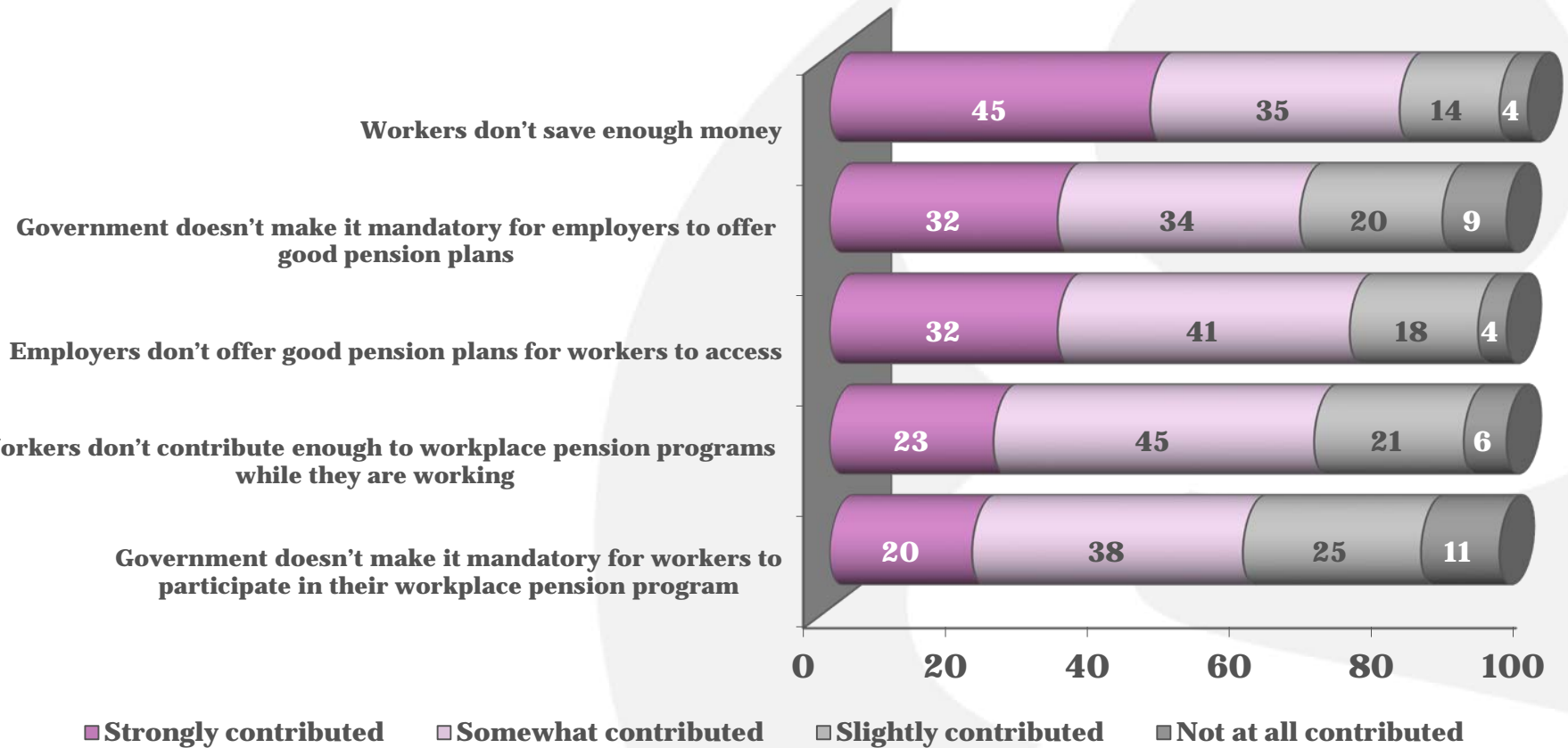




What Has Contributed to the Pension Plan Crisis?

Crisis?

“And for each of the following, please tell us if you think it has strongly contributed to the retirement crisis, somewhat contributed to the retirement crisis, slightly contributed to it or has not at all contributed to the retirement crisis.” (For those who agreed that there is a retirement income crisis n=952)





Where do pensions fit?

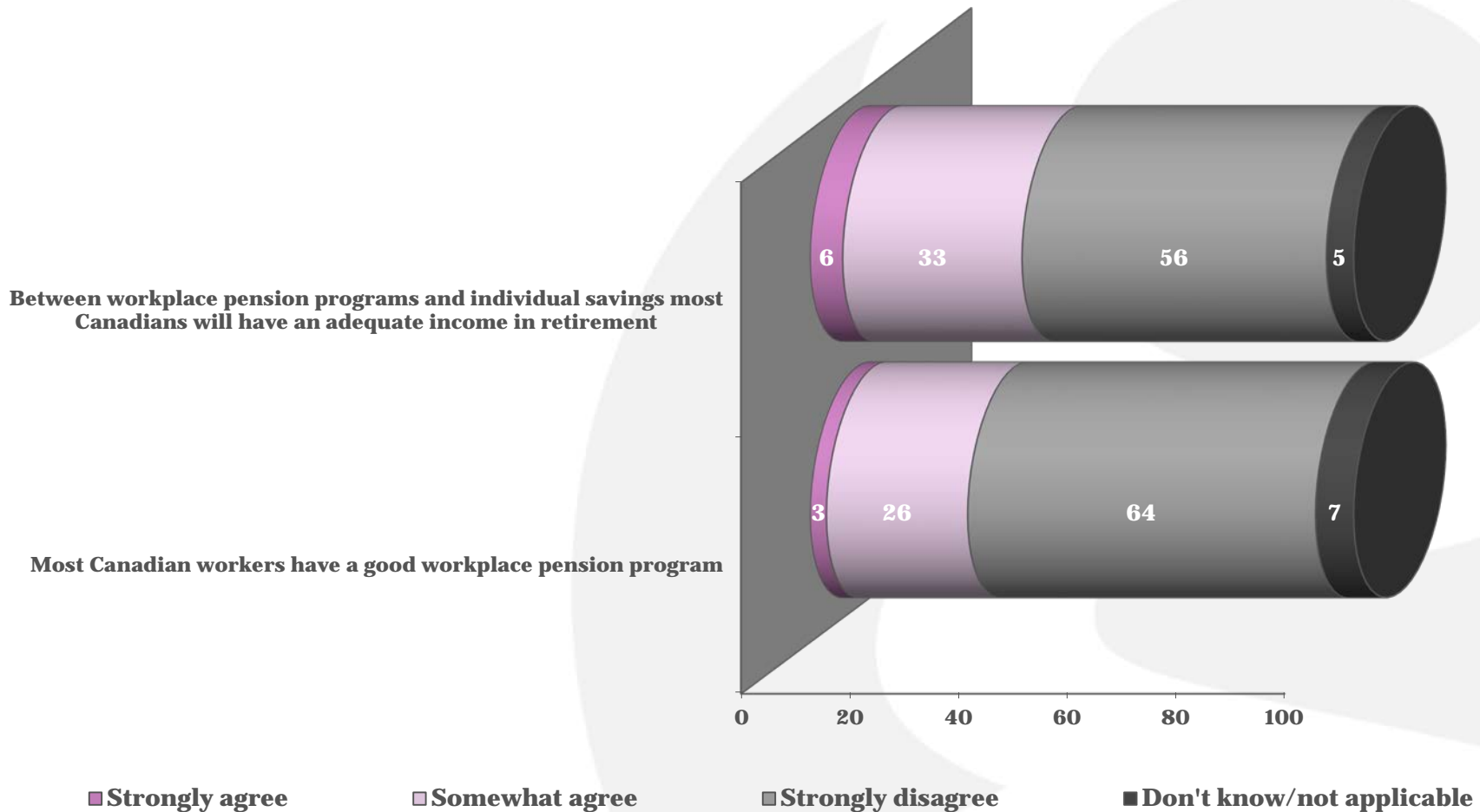
- ❑ Just 39% of Ontarians believe that between individual savings and workplace pension programs most Canadians will have an adequate income in retirement. Most (56%) disagree.
- ❑ And even fewer (29%) believe that most Canadians have a good workplace pension program.
- ❑ A majority of Ontarians believe that employers are less generous with pension plans than they used to be but that they have a responsibility to offer employees a good pension plan and that government has a responsibility to regulate them sufficiently to ensure they are sustainable.
- ❑ Ontarians do not believe that the competitive international marketplace precludes companies from offering good pensions, or that the economy is too uncertain to offer good pension plans.
- ❑ Ontarians are less certain that employers must pay 60% of an employees working salary or that it is unfair that some workers have better pensions than others.
- ❑ While a majority of Ontarians believe a worker has an obligation to contribute to a workplace pension plan if it is available, few Ontarians (19%) are willing to blame an individual for having inadequate retirement income.
- ❑ A retirement income crisis is seen to be bad for the economy and a burden to taxpayers.



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Strong Disagreement that Canadian Workers Will Have An Adequate Retirement Income

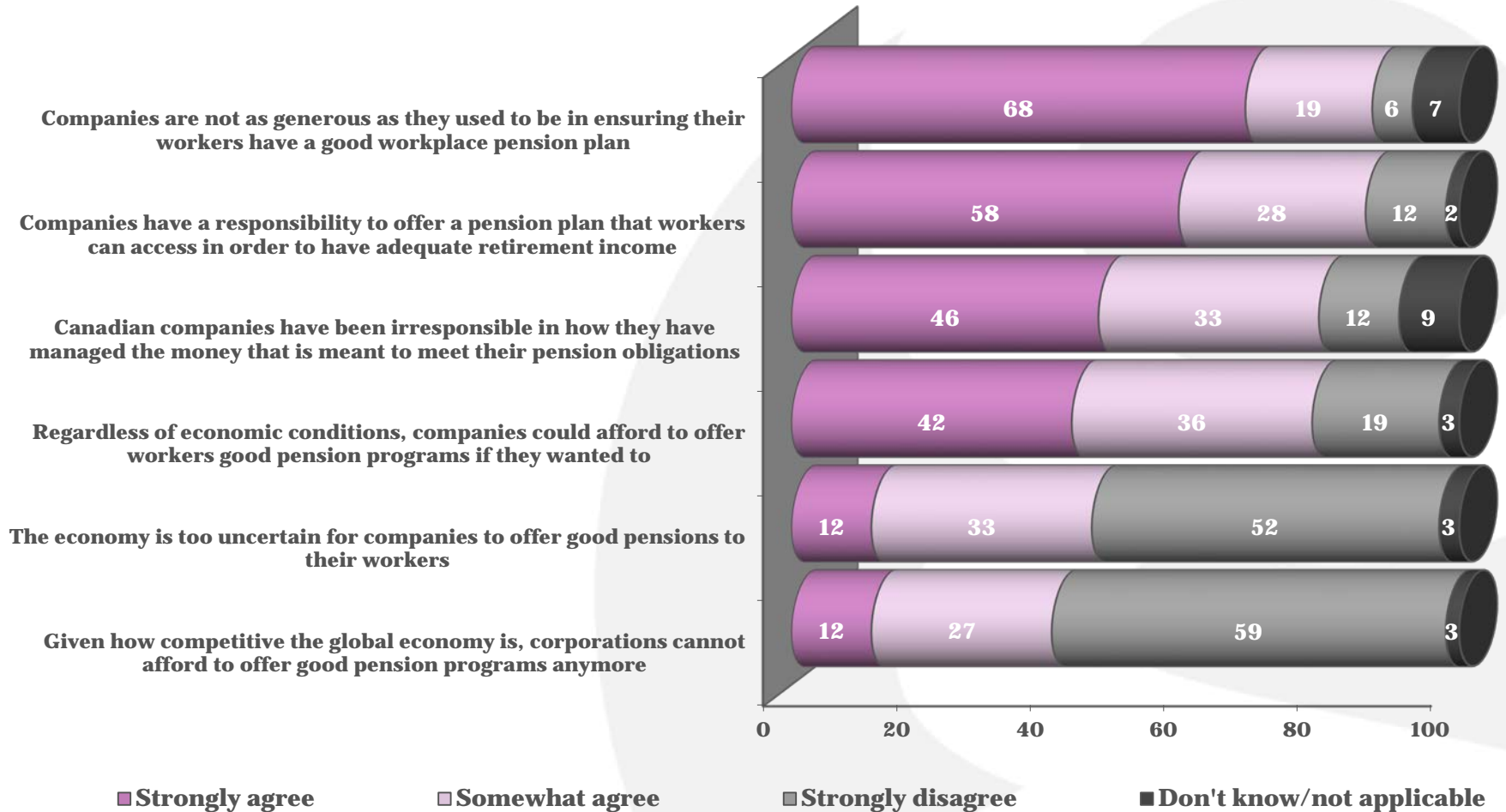
“For the following statements, on a scale of one to nine where one means strongly disagree and nine means strongly agree, please tell us how much you agree or disagree with each.”





Corporations and Pension Plans

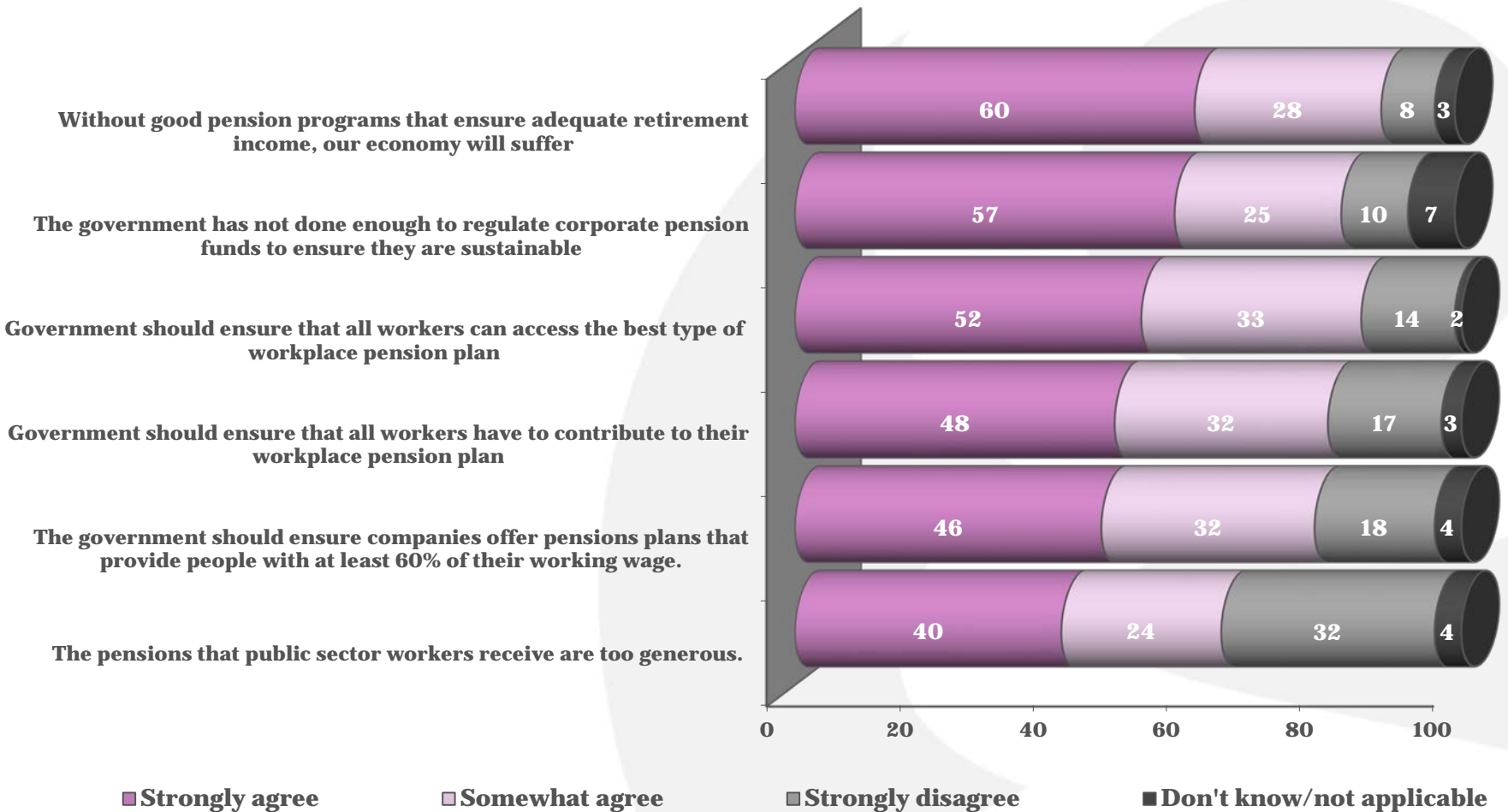
“For the following statements, on a scale of one to nine where one means strongly disagree and nine means strongly agree, please tell us how much you agree or disagree with each.”





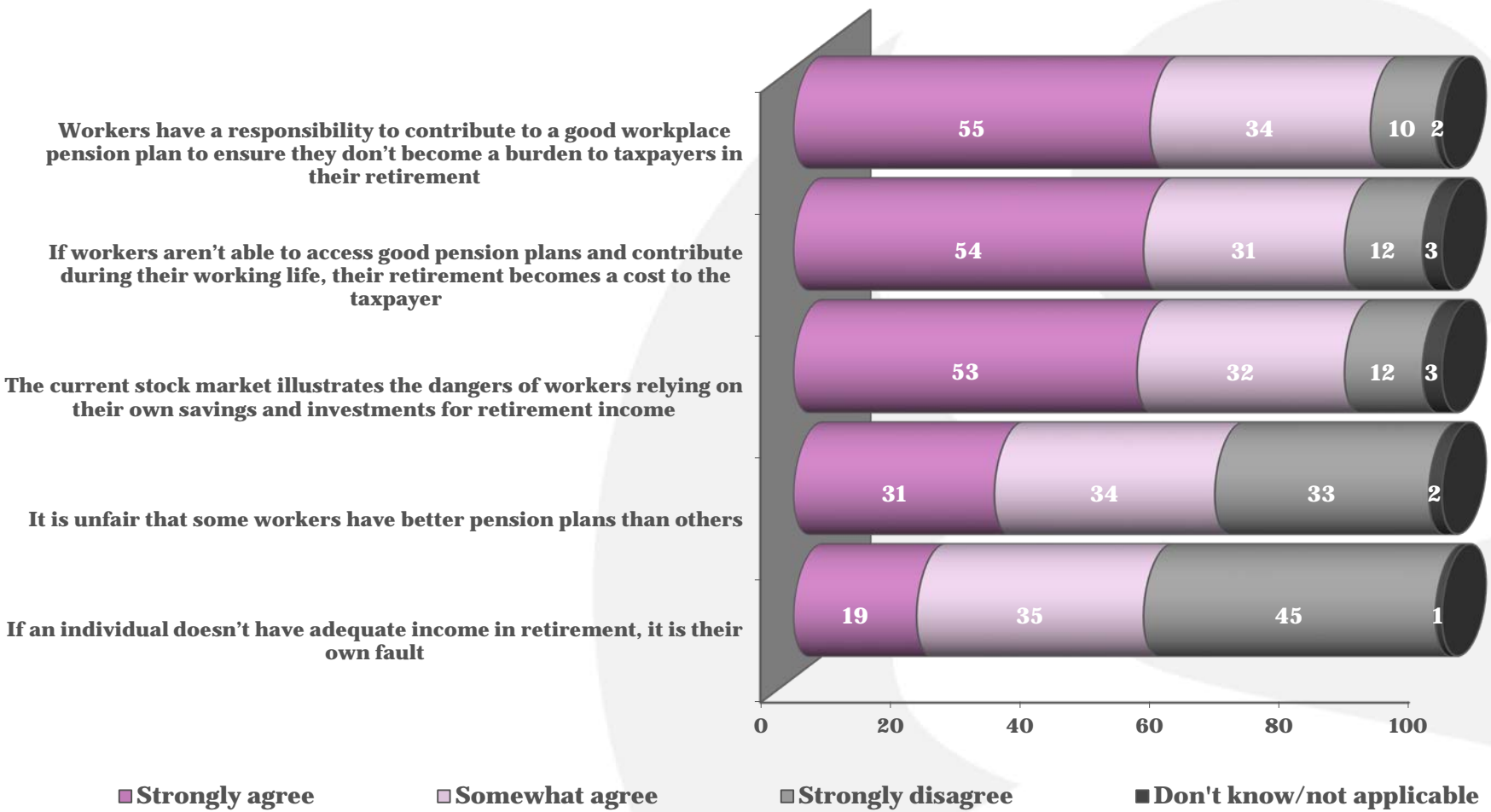
The Government and Pension Plans

“For the following statements, on a scale of one to nine where one means strongly disagree and nine means strongly agree, please tell us how much you agree or disagree with each.”





“For the following statements, on a scale of one to nine where one means strongly disagree and nine means strongly agree, please tell us how much you agree or disagree with each.”



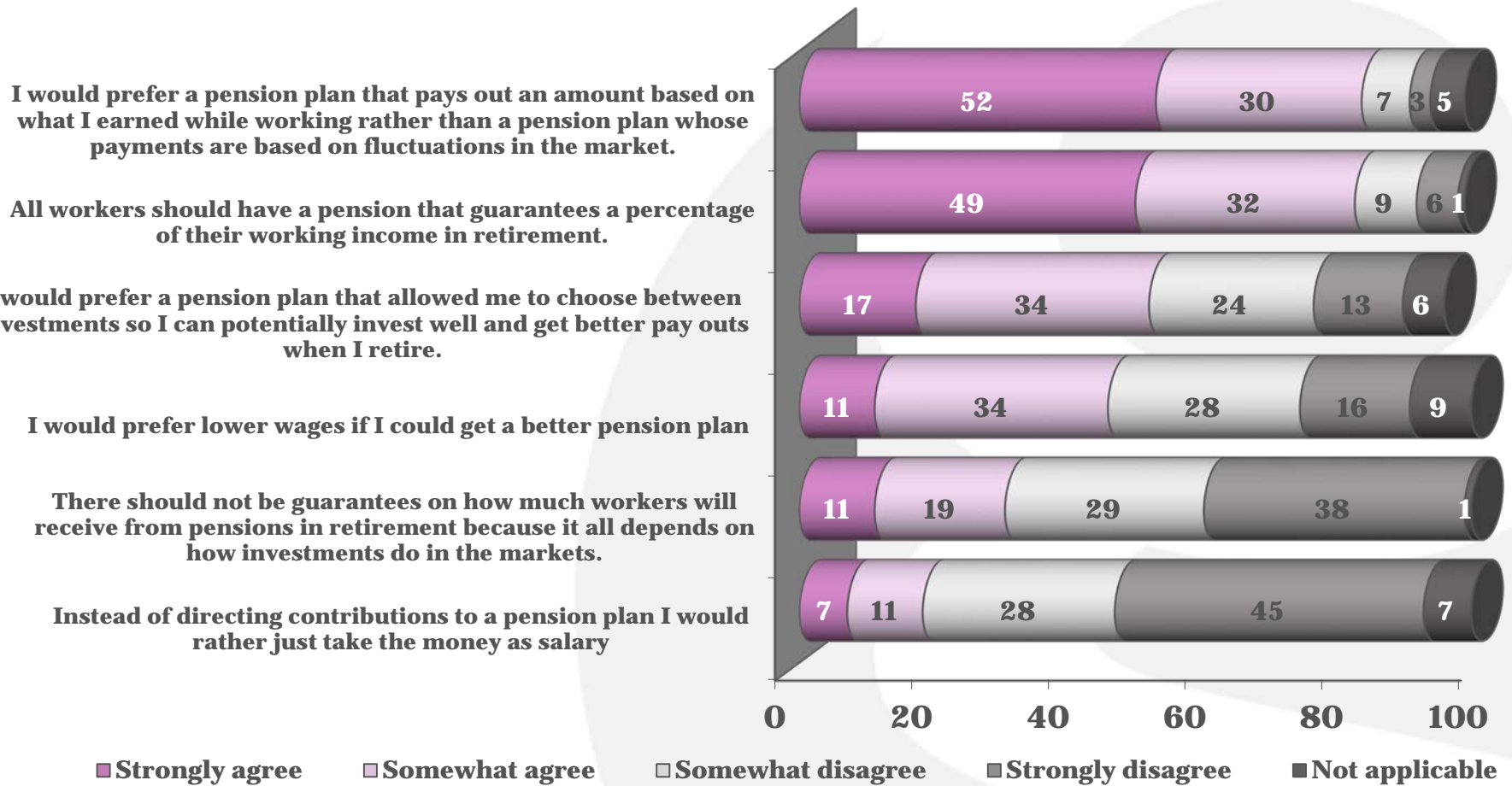


- ❑ Ontarians are thinking about retirement income.
- ❑ They would prefer pensions that pay out a guaranteed amount based on their earnings during their working life rather than on how that contribution has fared in the market. And only one third of Ontarians believe that companies can no longer afford to offer workers a defined benefit program.
- ❑ And while few Ontarians would prefer a lower salary in order to access a workplace pension program, even fewer would take a wage increase as salary rather than as a contribution to their pension fund.
- ❑ More Ontarians would choose to have government encourage businesses to set up defined benefit pension programs than defined contribution pension programs.
- ❑ Interest in defined benefit pension programs has grown significantly since Dec. 2008 – up 11 pts to 52% of Ontarians who would be very interested.
- ❑ Interest in being part of a defined contribution plan, while less than half that of defined benefit, is also up significantly (+9) to 23%.



Preferences and Beliefs About Pension Plans

“How strongly do you agree or disagree with the following statements? Would you say you strongly agree, somewhat agree, somewhat disagree, or strongly disagree?”

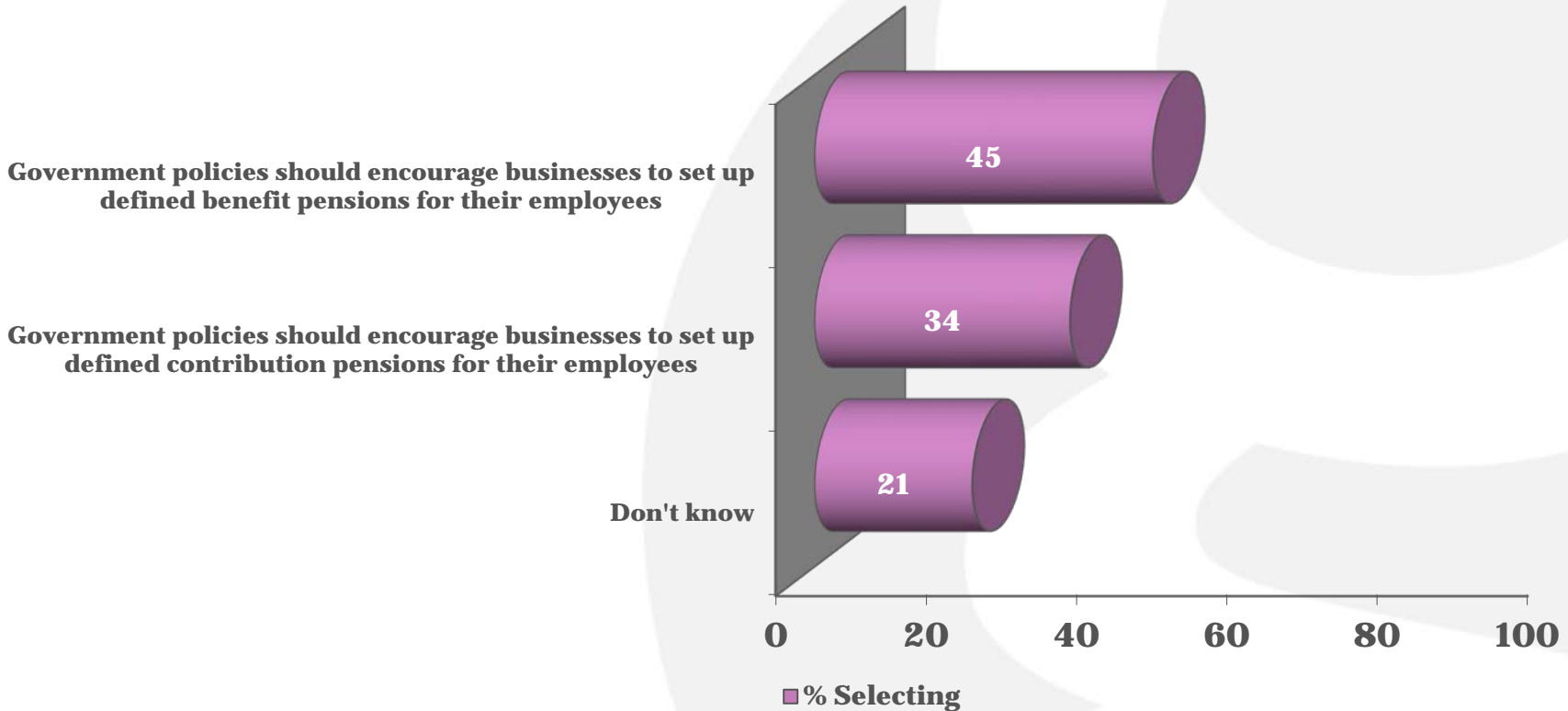




DC/DB Pensions – What Should Government Encourage Businesses to Set Up?

Up?

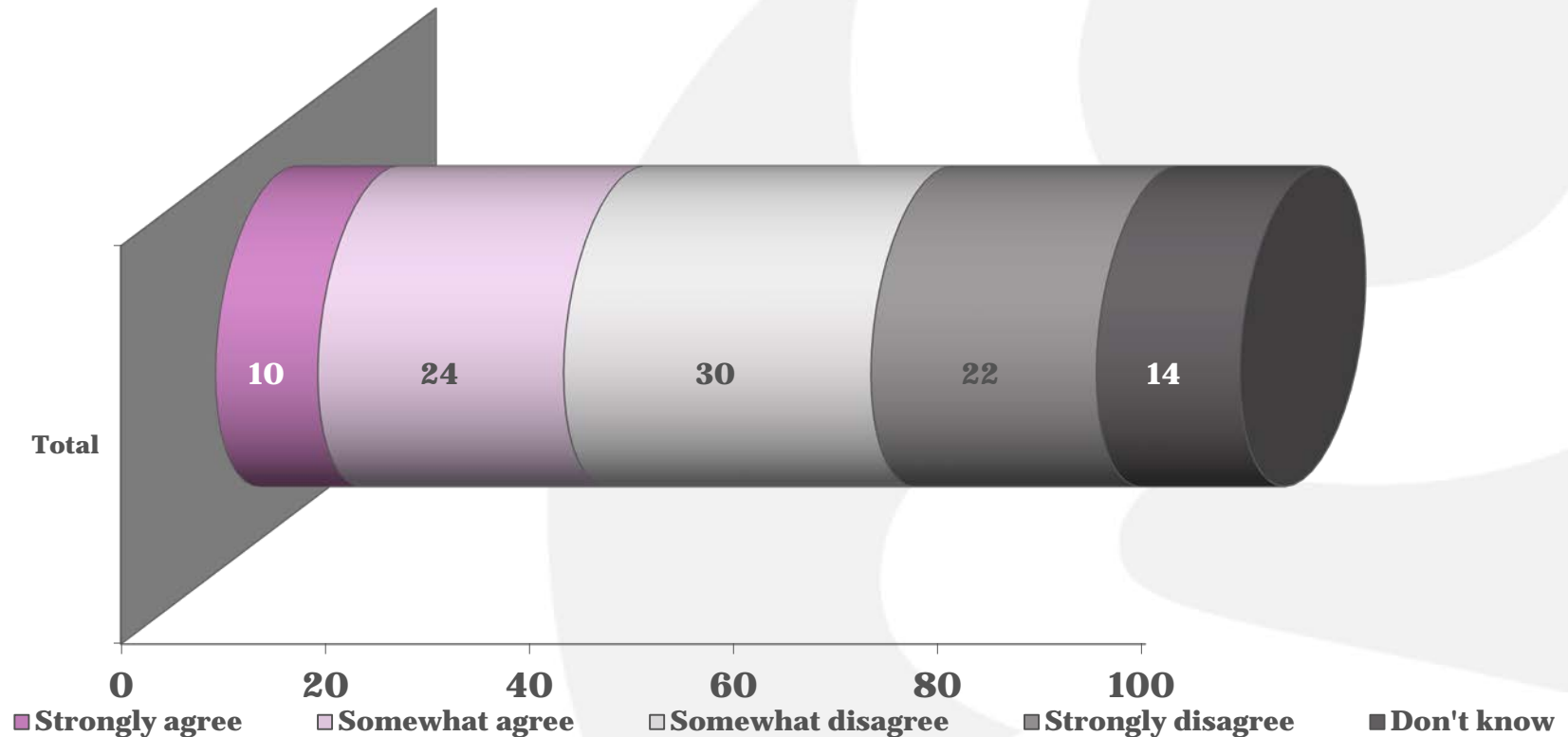
“If you had to pick, do you think government policies should encourage businesses to set up defined contribution pensions for their employees or do you think government policies should encourage businesses to set up defined benefit pensions for their employees?”





Are Defined Benefit Plans Still Affordable for Companies?

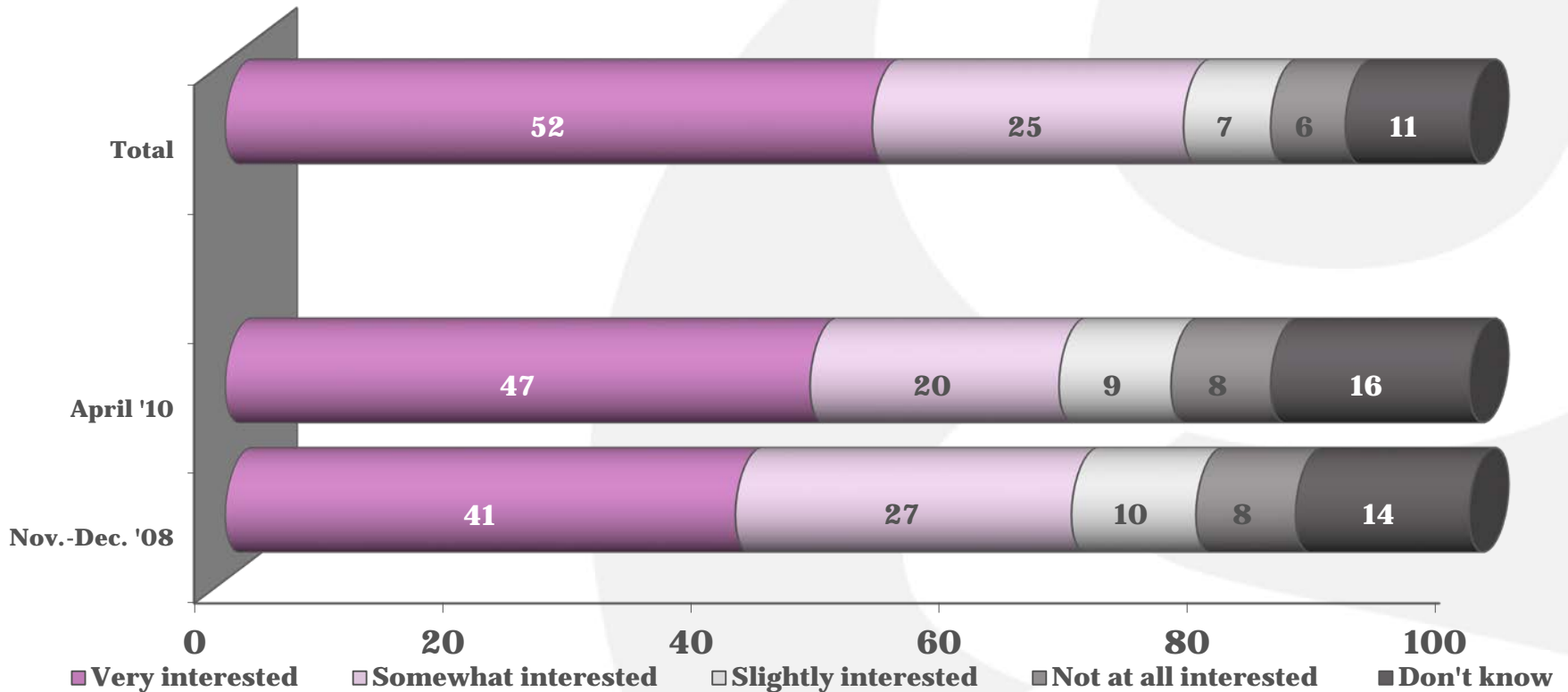
“Some people say that defined benefit plans are no longer affordable for companies to provide. Would you strongly agree, somewhat agree, somewhat disagree or strongly disagree that companies can no longer afford to offer defined benefit plans to workers?”





Interest in Being Part of a Defined Benefit Pension Plan

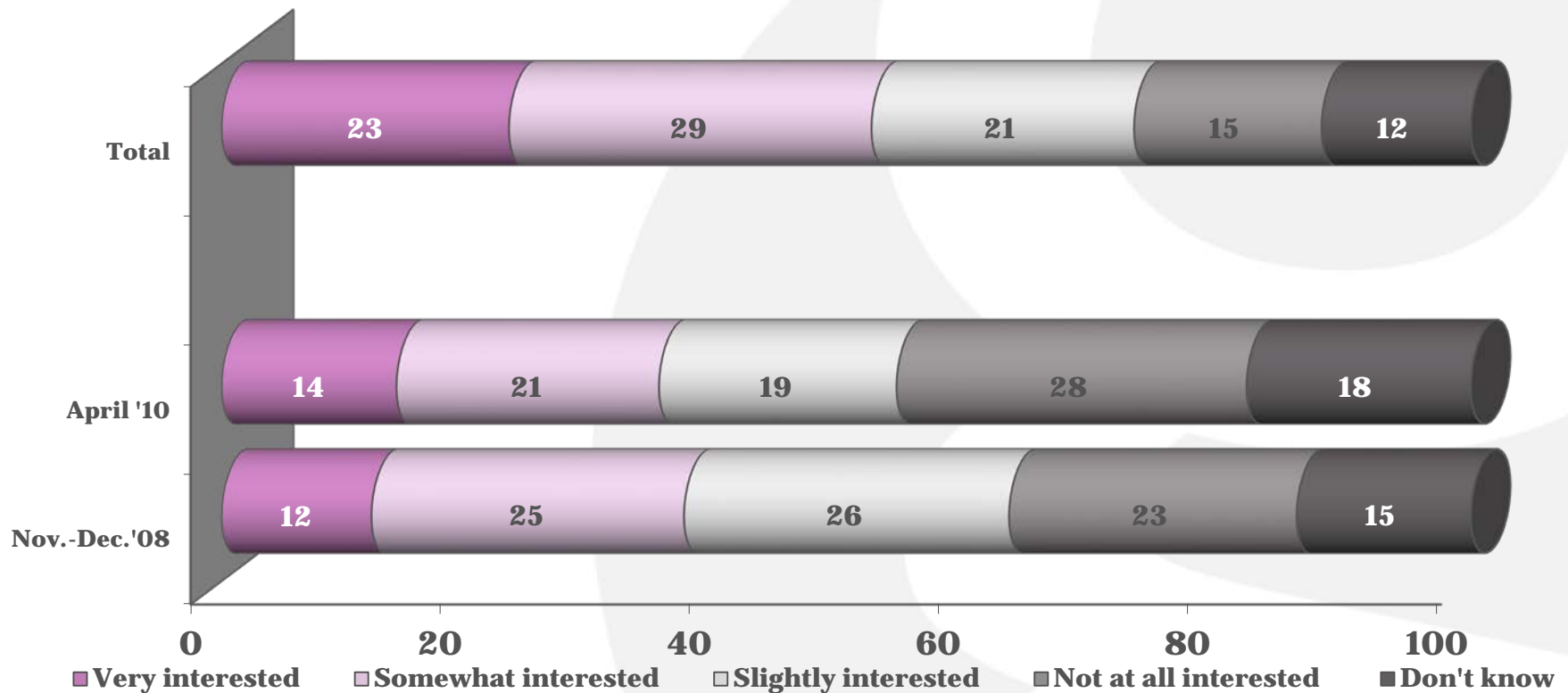
“If you were given the option, how interested would you be in being part of a defined benefit pension plan? Would you be?”





Interest in Being Part of a Defined Contribution Pension Plan

“If you were given the option, how interested would you be in being part of a defined contribution pension plan? Would you be?”



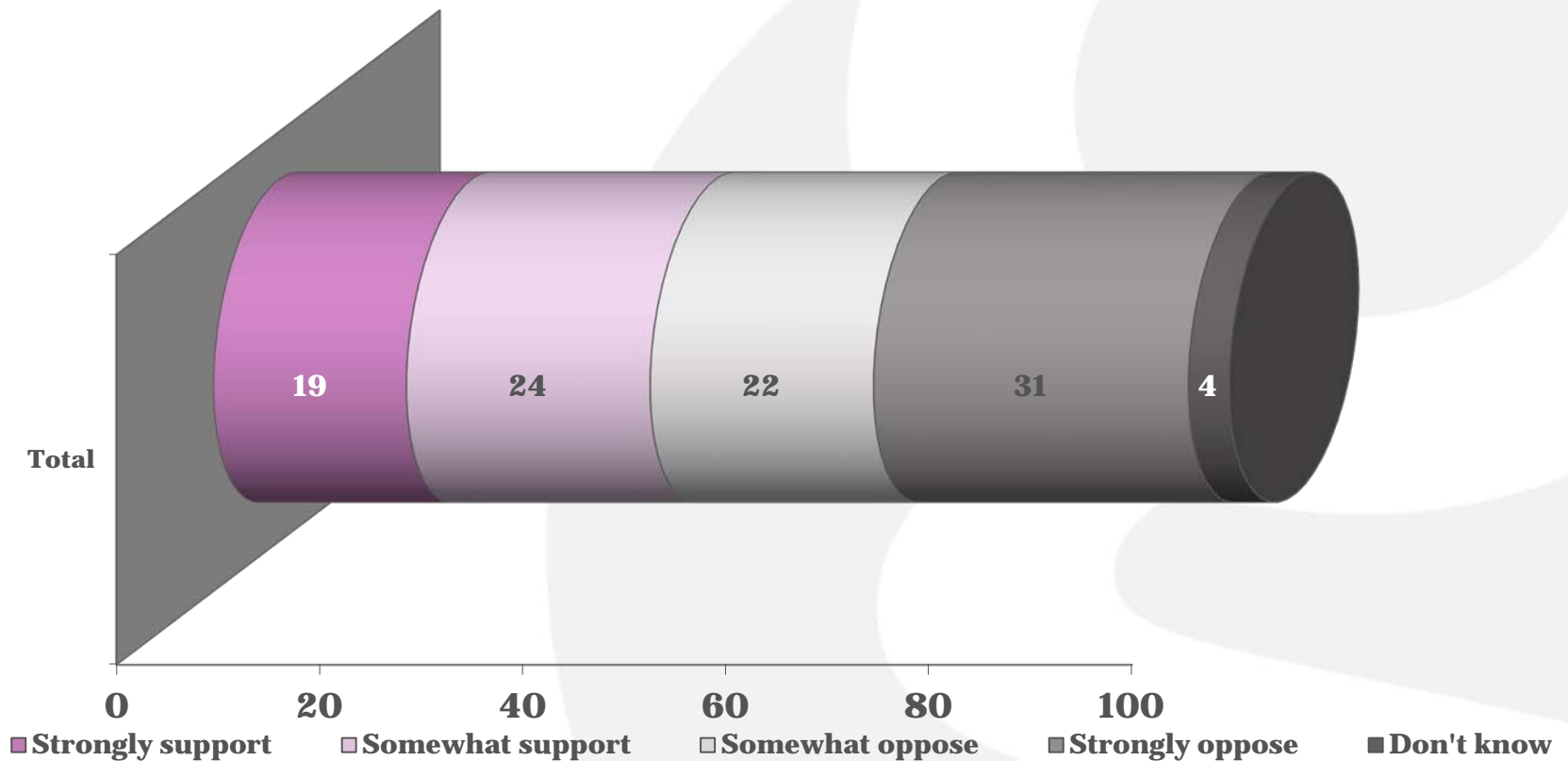


- ❑ Most Ontarians (53%) oppose the federal government’s change to Old Age Security.
 - Strong opposition is much higher than strong support.
 - Women, in particular, are likely to oppose this change.
- ❑ The main reason for opposition is not timing, but the belief that the age of eligibility for OAS should never be pushed back.
- ❑ Modest increases (8% from 5%) to the worker and employer contributions to CPP is supported by a large majority of Ontarians.
 - One third of Ontarians strongly support this policy and another 44% somewhat support it.
 - Support is high across the population.
- ❑ While few Ontarians said it would be “very helpful” (14%) another 27% said it would be somewhat helpful to them personally to increase CPP contributions and payments.
- ❑ And more than half (56%) of Ontarians would opt into this increase if it were voluntary. Just one quarter of Ontarians would opt out.



Support or Opposition to Government Raising OAS Benefit Age to 67

“Old Age Security (OAS) is a national pension program designed to provide retirement income to Canadians aged 65 and older. The federal government has proposed increasing the age of entitlement to receive this benefit to 67. The government will be phasing this in, meaning people aged 54 and older will not be affected. Do you support or oppose this policy?”

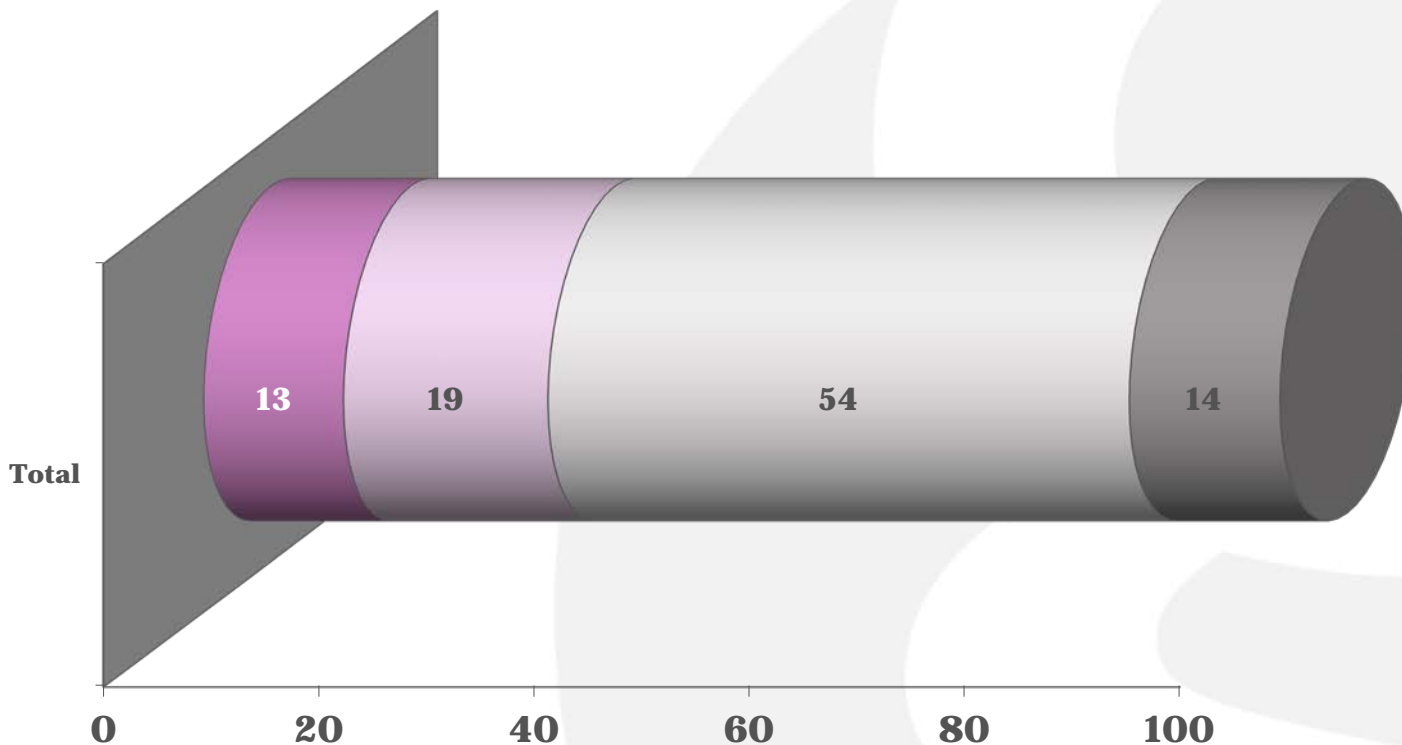




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Thoughts on Timetable for Pushing Back Age of Eligibility for OAS Among Those Who Oppose It

“You said you oppose this government policy. Do you think the timetable for pushing back the age of eligibility for OAS is:.” (Among those who opposed pushing back age of OAS eligibility n=353)



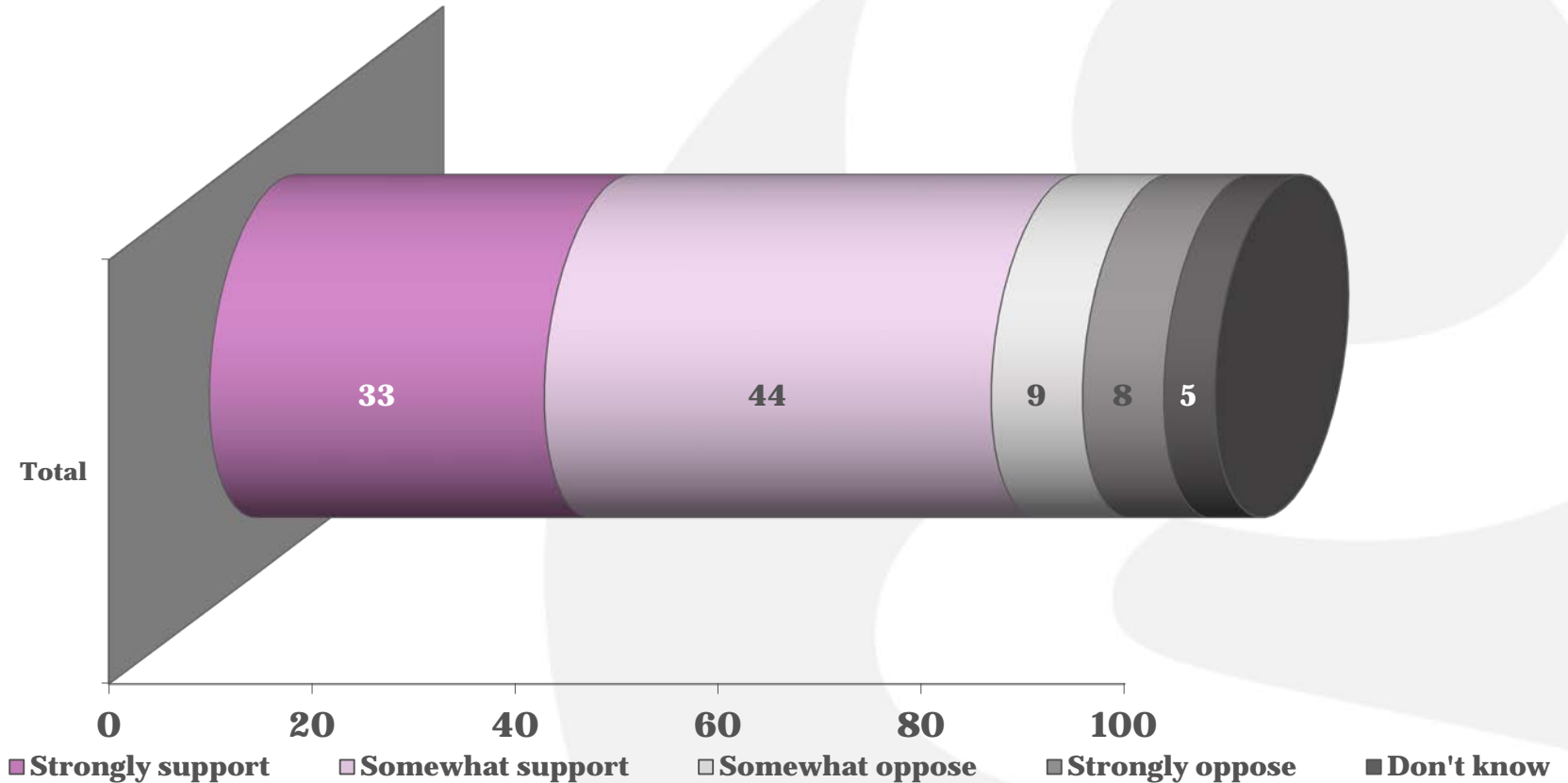
■ Too quick/soon ■ Not quick/soon enough ■ We should never push back the age of eligibility for OAS ■ Don't know



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Support or Opposition to an Increase in CPP Contributions So That Payments to Retirees Would be Higher

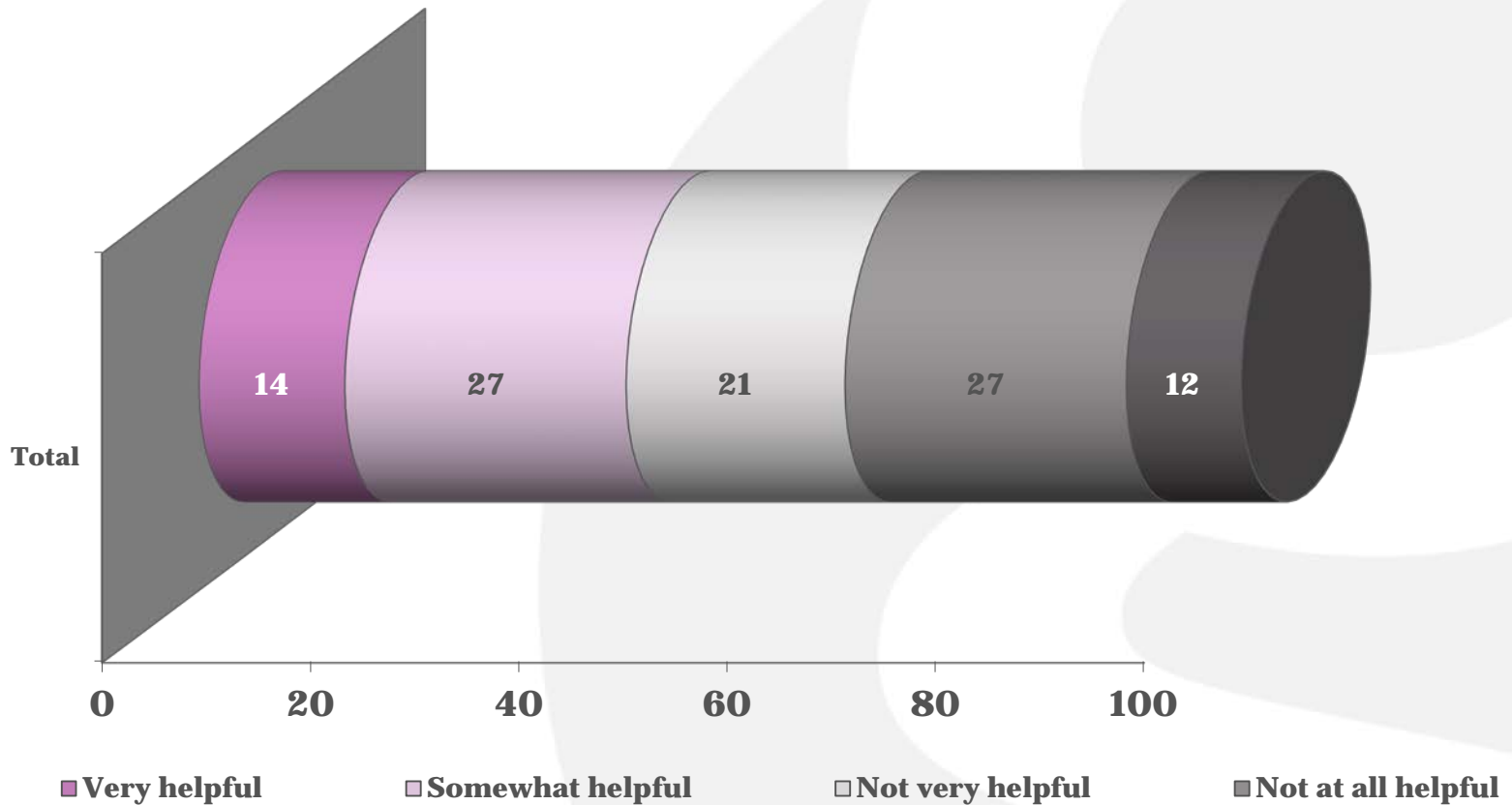
“Would you support or oppose introducing a moderate increase to CPP contributions and benefits such that workers AND employers would each contribute up to 8% of the worker's salary rather than just 5% as they do now; and payments to workers in retirement would be 60% higher than what they are now.”





How Helpful Would it Be to People if CPP Premiums and Payments Were Increased?

“How helpful would this proposal of increasing the CPP premiums and payments be to you personally?”

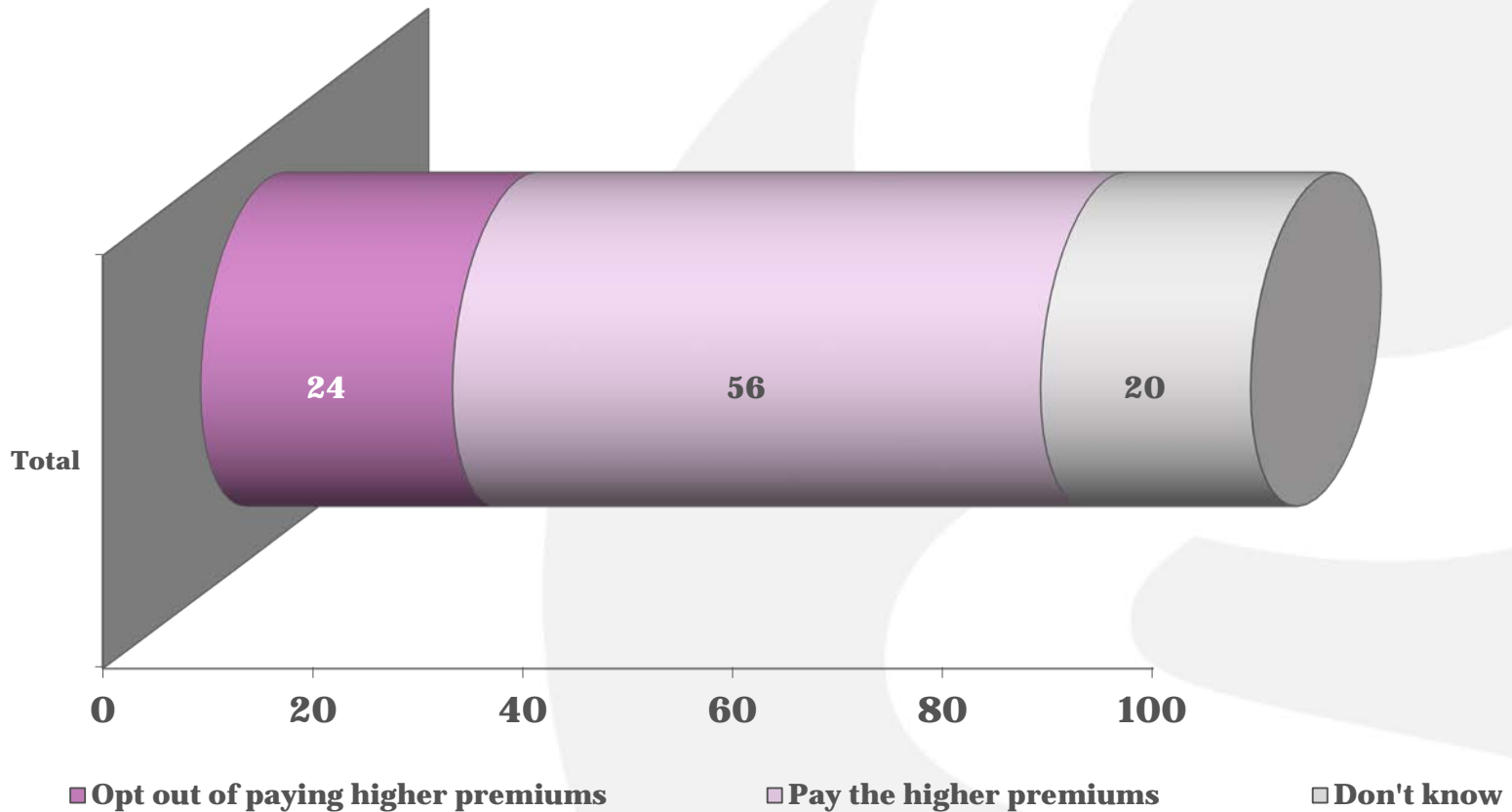




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If There Is The Option to Opt-Out of Paying Increased Premiums for More Payments in CPP, What Would People Do?

“If there is a moderate increase of contributions to and benefits from the Canadian Pension Plan (CPP), but individuals were allowed to opt out and continue paying the premiums they pay now, would you:?”





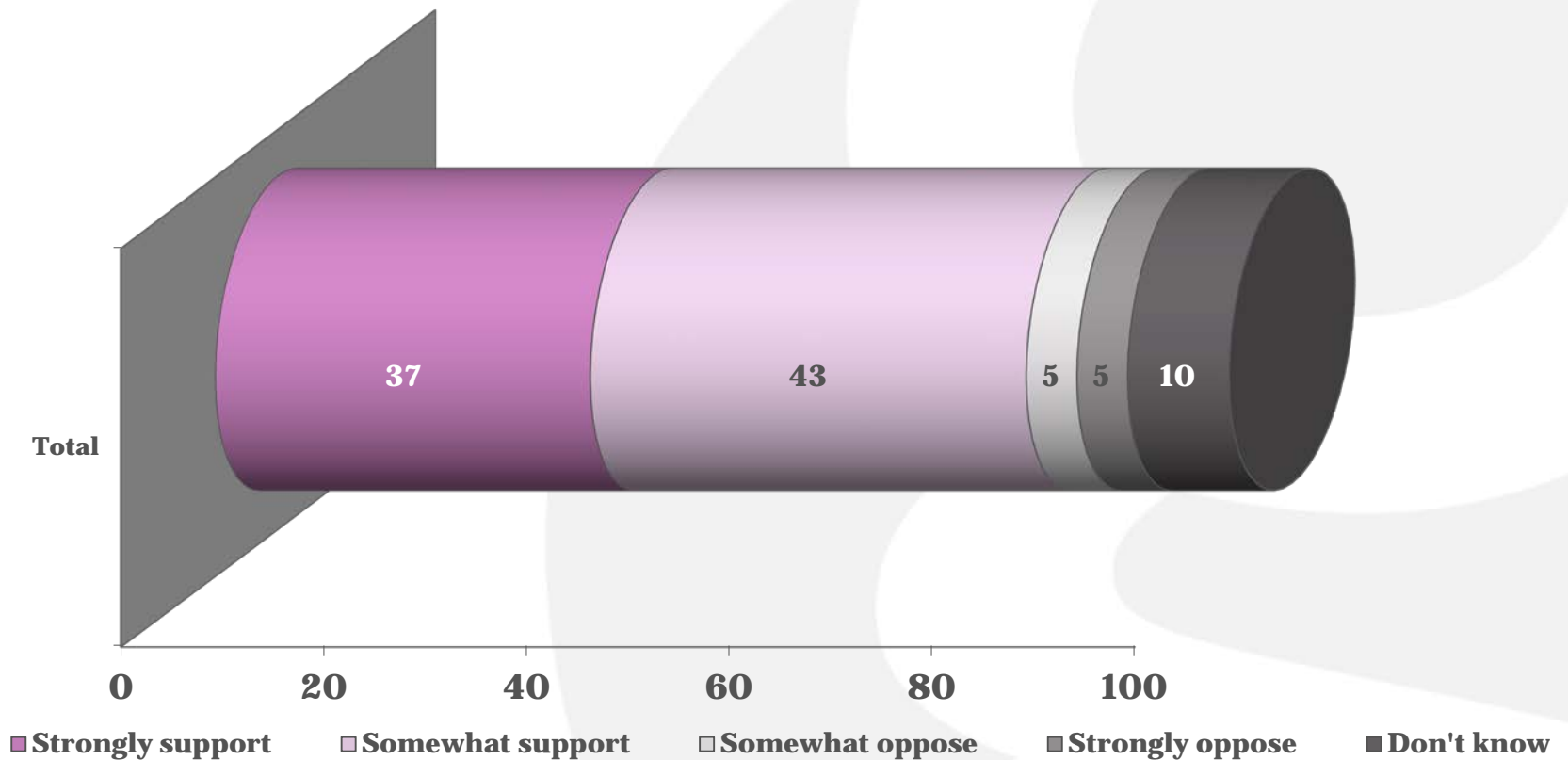
Pooled Retirement Pension Plans

- ❑ A vast majority of Ontarians would support legislation that allowed for Pooled Retirement Pension Plans.
- ❑ This support exists even among Ontarians who say it would not help them personally.



Do People Support or Oppose to Pooled Retirement Pension Plans?

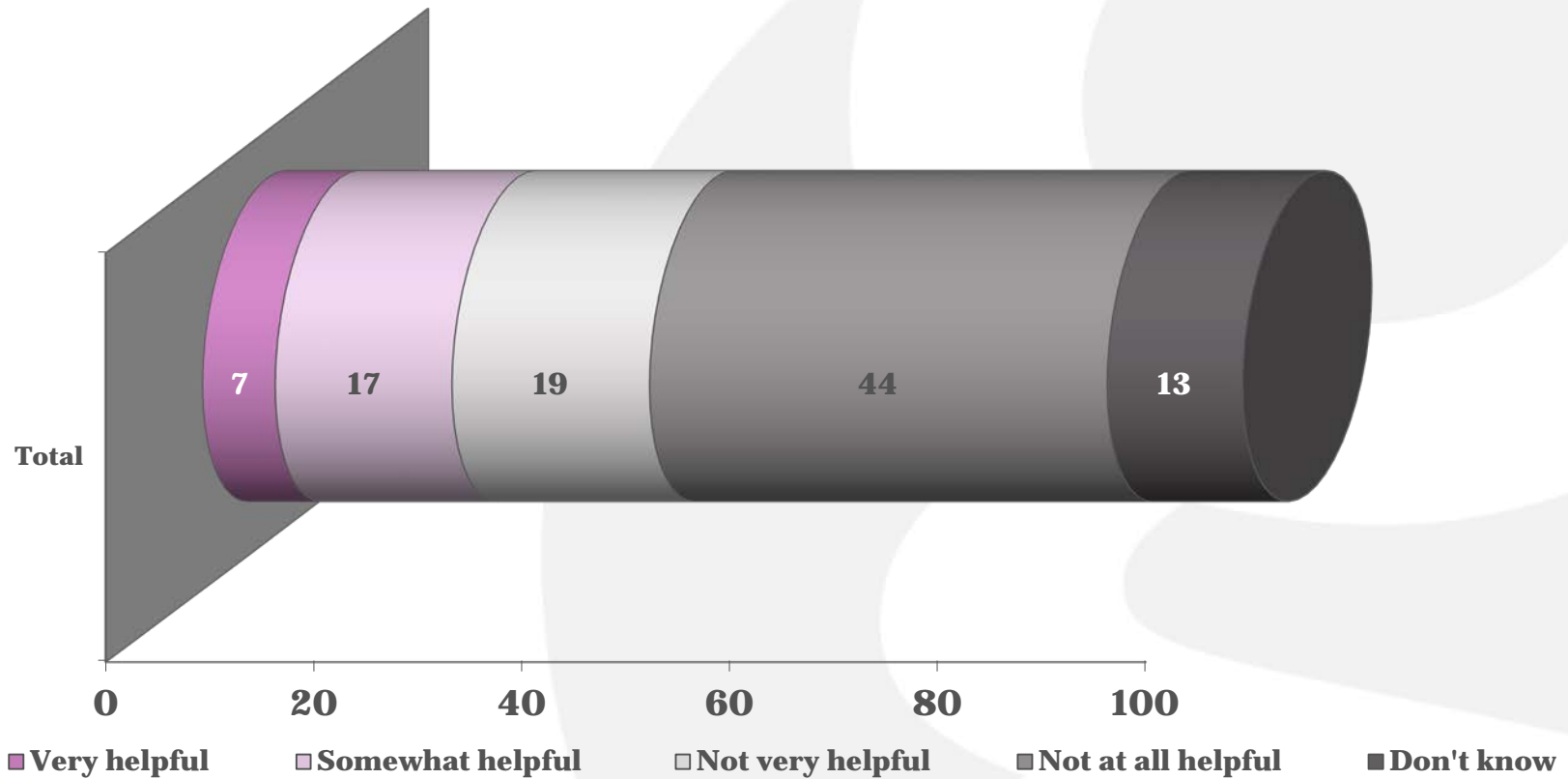
“The government of Canada has proposed legislation to allow for Pooled Retirement Pension Plans (PRPPs) which would allow more businesses (especially smaller ones) to offer pensions to their employees. Financial institutions would sell these plans to employers and pool various businesses' contributions. Would you support or oppose the creation of Pooled Retirement Pension Plans (PRPPs)?





Would Pooled Retirement Pension Plans Be Helpful?

“How helpful would the creation of PRPPs be to you personally?”



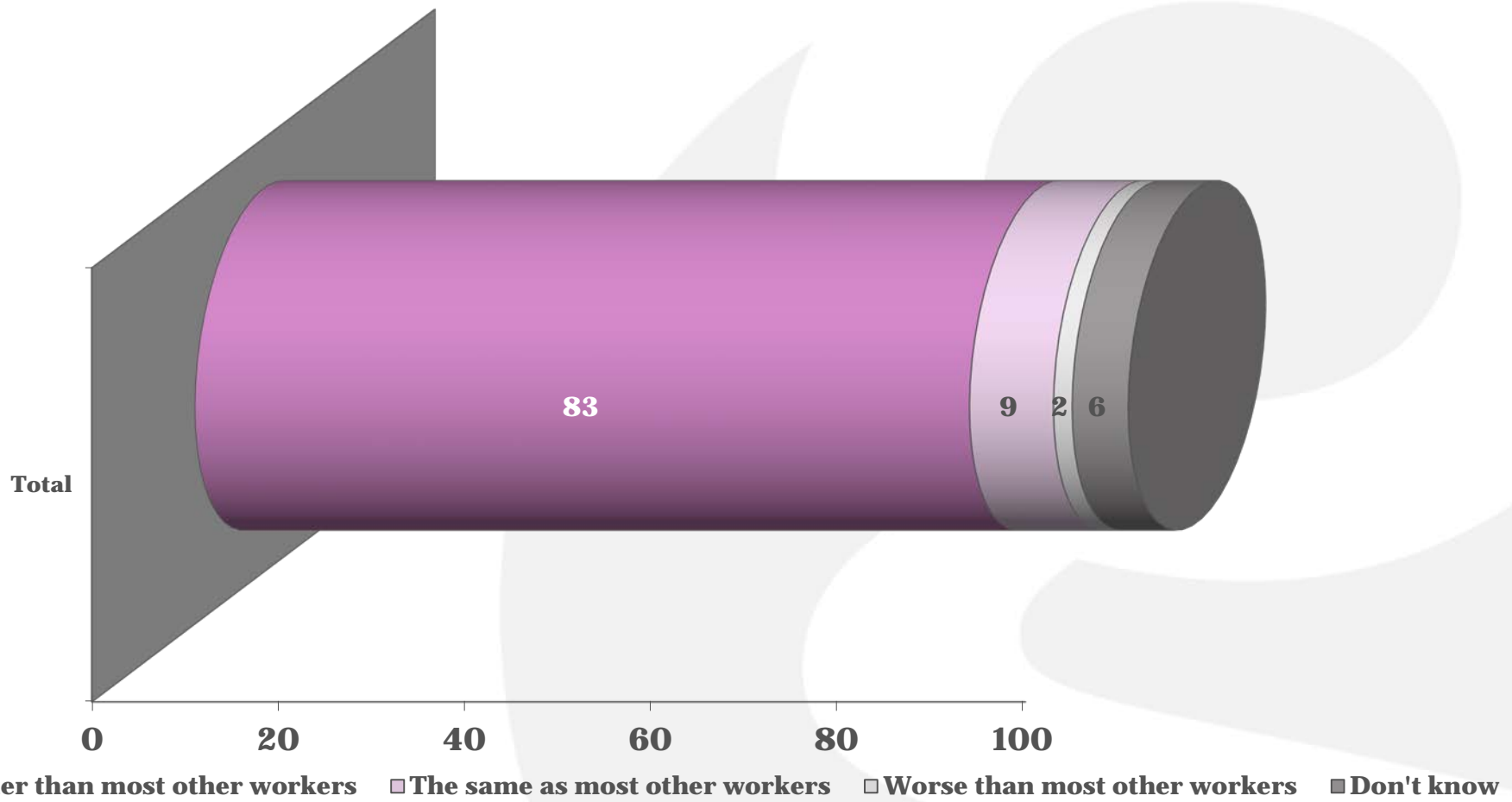


- ❑ Ontarians (83%) believe that public sector employees have a better pension than most workers.
- ❑ Taxpayers and governments are seen to be the major contributors to public sector pensions followed by the public sector worker.
- ❑ A majority of Ontarians (52%) support the pensions public sector employees receive but there is also a sizeable portion of Ontarians (42%) who do not – governments inability to pay these pensions has traction.
- ❑ Keeping *healthcare* workers pension benefits as they are currently receives greater public support – few (12%) would decrease them and as few would increase them.
- ❑ All public sector workers are not the same to the public's mind re: deserving their pensions – military, police and fire fighters are the most deserving followed by nurses, teachers and hospital workers.
- ❑ Government workers and politicians are seen to be the least deserving.



Public Sector Pensions – Better or Worse than Other Workers’ Pensions?

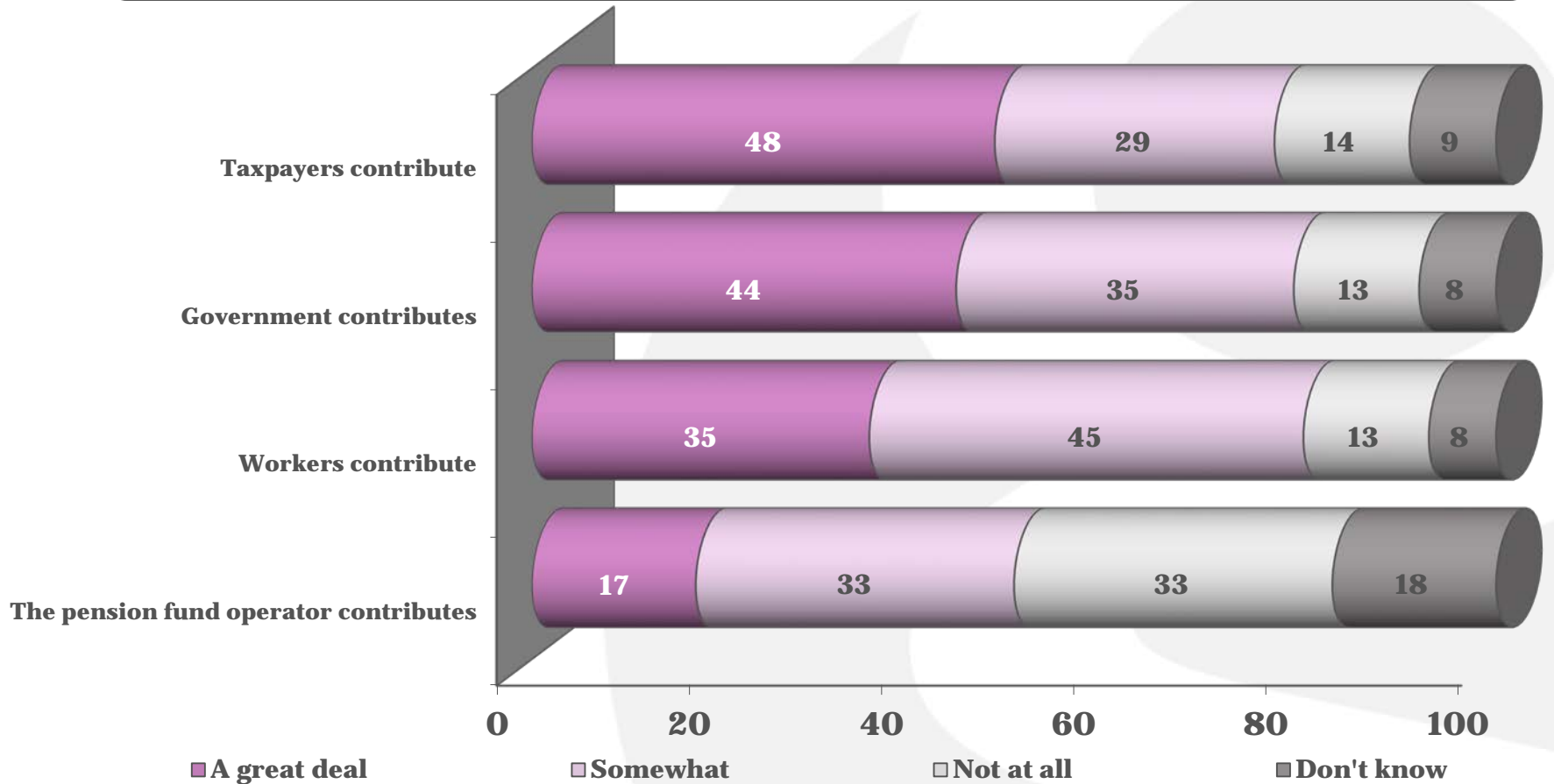
“Do you think that the pensions public sector workers receive tend to be:?”





Who Contributes the Most to Public Sector Workers Pension Funds?

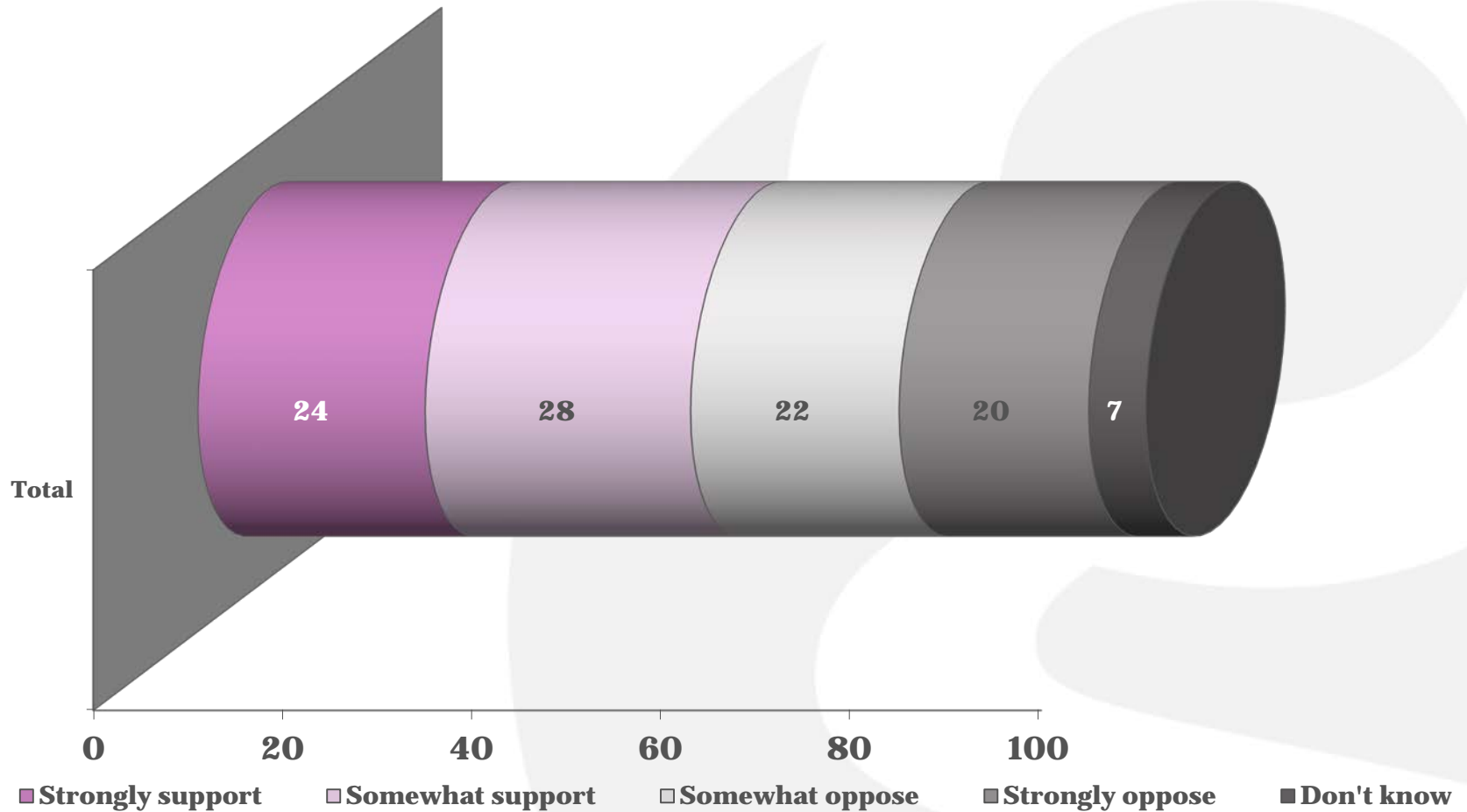
“And for the following, please tell us how much you think each contributes to the pension funds that pay for public sector workers' retirement income. On a scale of one to nine where one means not at all and nine means a great deal, how much do you think?”





Do People Support or Oppose the Pension Plans that Public Sector Workers Receive?

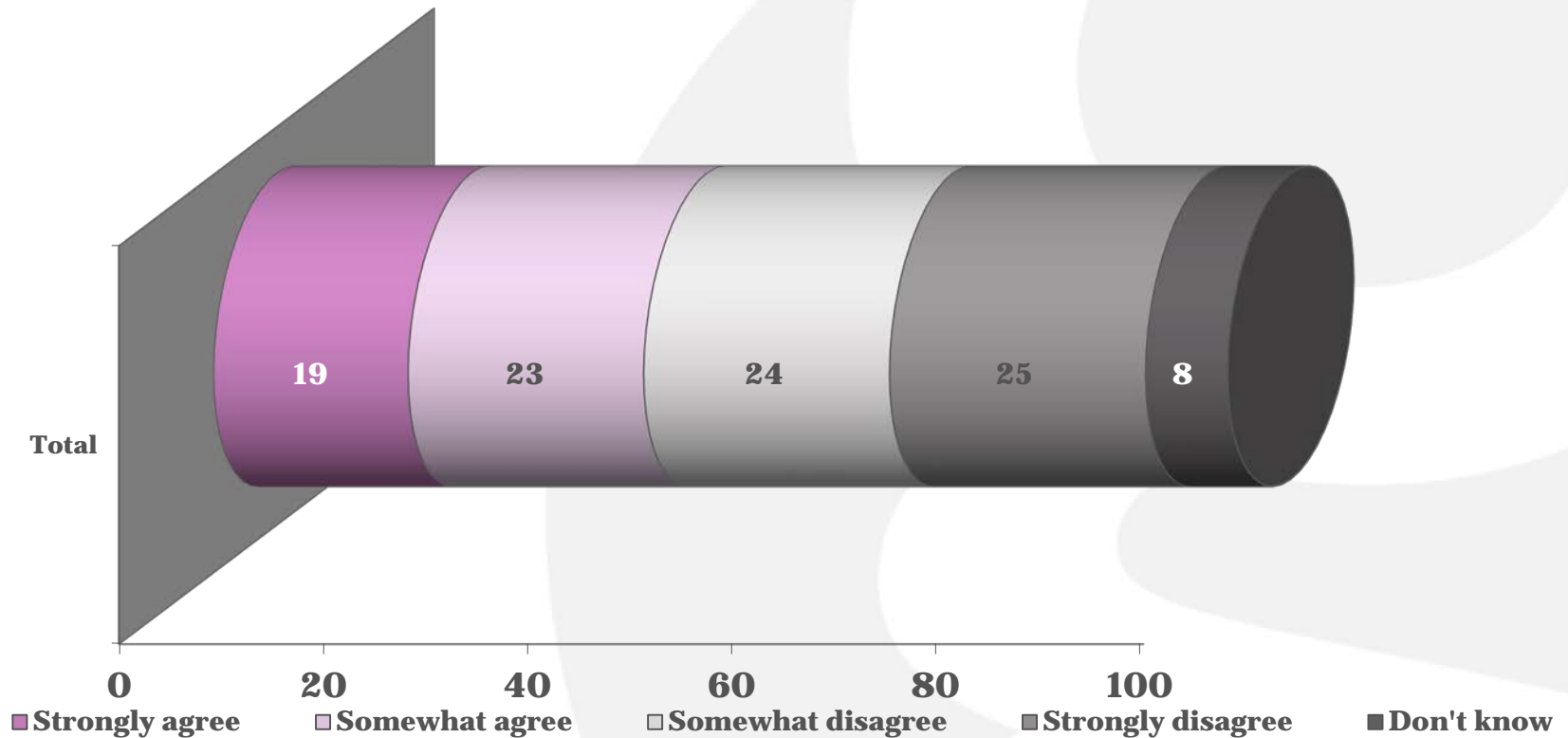
“Based on what you know, would you say you strongly support, somewhat support, somewhat oppose or strongly oppose the pensions that public sector workers receive?”





Are Defined Benefit Plans Still Affordable for the Public Sector?

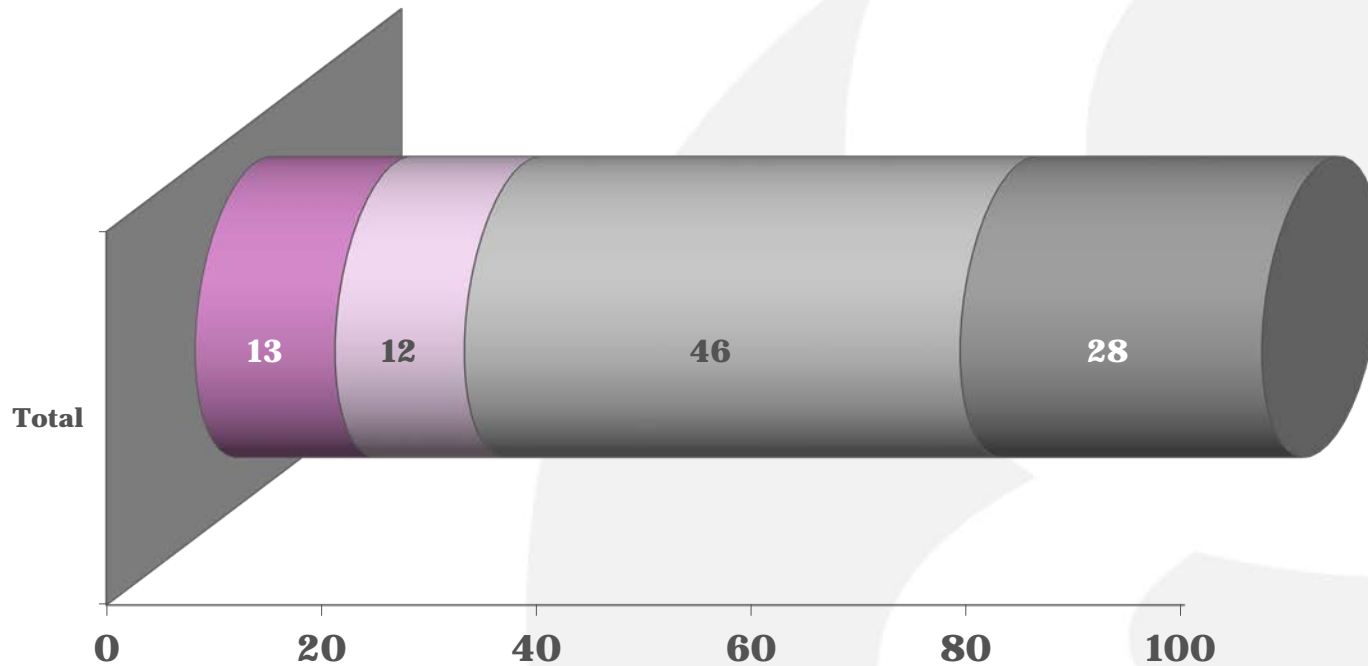
“And some people say that the public sector (including healthcare, teaching, and government) can no longer afford to offer defined benefit pension plans to public sector workers. Would you:?”





What Should be Done With Pension Benefits for Nurses and Healthcare Workers?

“Do you think the government should increase the pension benefits for nurses and other healthcare workers, reduce the pension benefits for nurses and other healthcare workers, or keep the current pension benefits?”

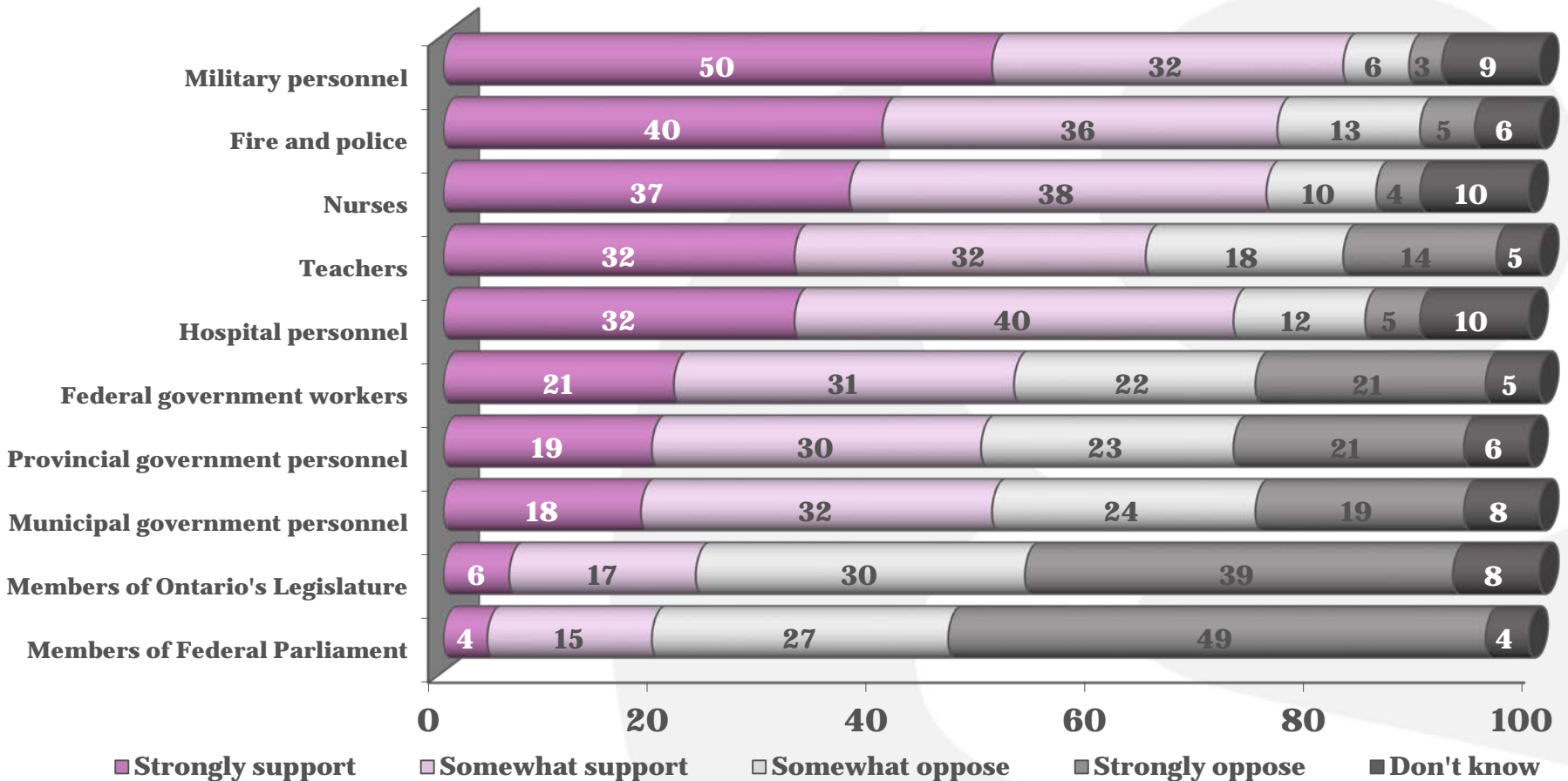


- Increase the pension benefits for nurses and other healthcare workers
- Reduce the pension benefits for nurses and other healthcare workers
- Keep the current pension benefits
- Don't know



Levels of Support for Pensions of Different Professionals

“Based on what you know do you strongly support, somewhat support, somewhat oppose or strongly oppose the pensions that you think each of the following professionals receives?”



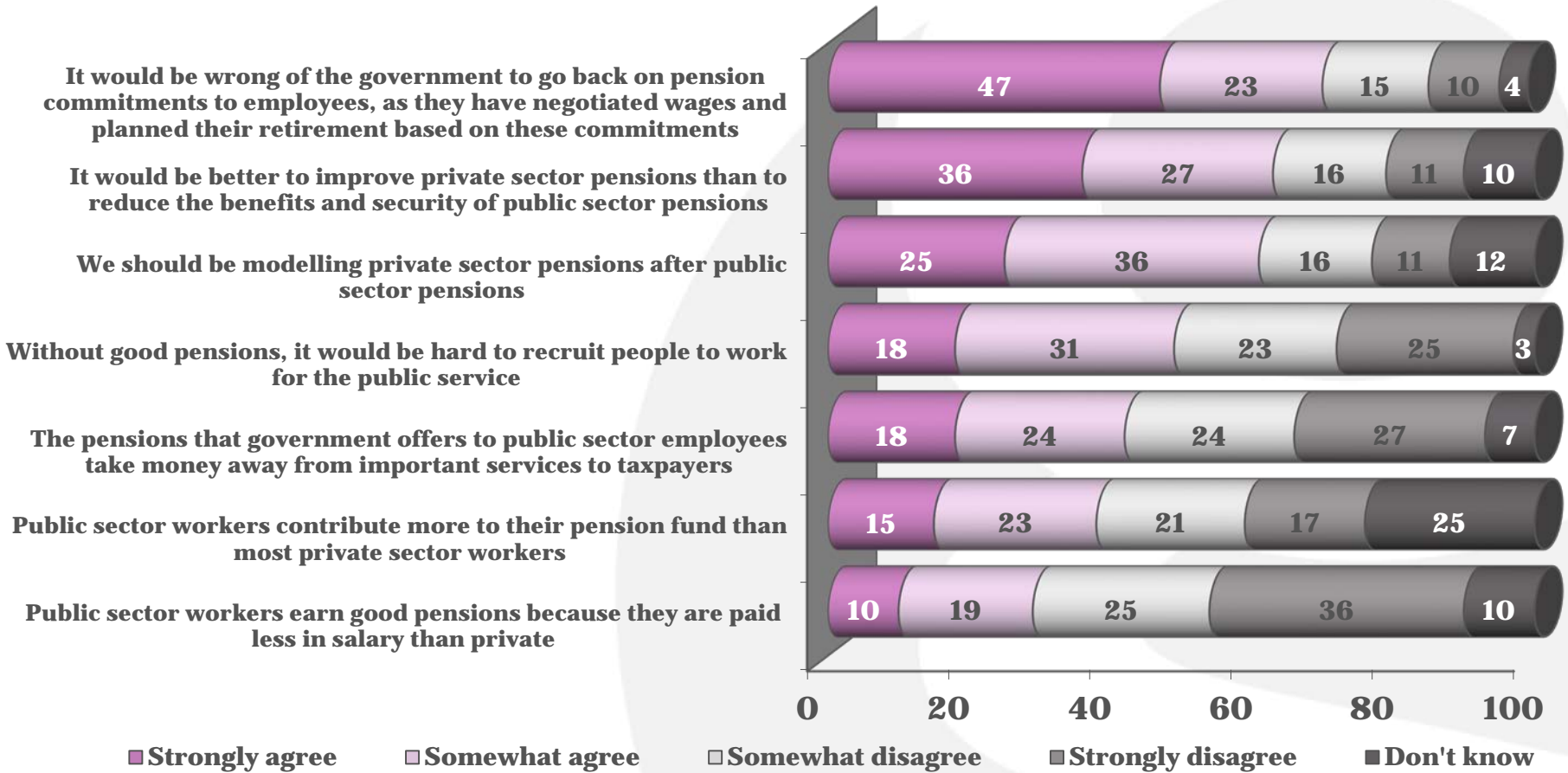


- ❑ Before discussing potential reforms to the public sector pension schemes, it is important to note that 2/3 of Ontarians would prefer to model private pensions after public pensions than to reduce public pensions.
- ❑ And overwhelmingly, Ontarians believe that it would be wrong for government to backtrack on pension commitments they have already made.
- ❑ Finally, all retirement income measures including adequacy, sustainability and security, were of greater importance to Ontarians than government deficit
- ❑ None of the rationales tested to support public sector pensions for public sector workers are very strong arguments. The best garnered as much support as opposition.
 - “Public sector workers contribute more to their pension fund during their years of working than other workers”
 - “It would be harder to recruit good people for the public service without pension benefits”
- ❑ Given the rest of the data, the best argument is probably societal – without adequate pension schemes in place where a worker contributes during their working years, taxpayers and the economy will suffer.



Statements About Public Sector Pensions

“And would you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with the following statements?”





Public Sector Pension Reform & Arguments

❑ Ontarians support:

- Public sector workers matching employer contributions so each pay half
- Making pension payments based on the average salary over the entire career, not the best five years
- Moving to target based benefits, so benefits will vary somewhat based on investment performance but stay within a range
- Paying workers the equivalent of at least 60% of their working salary
- Being at least 60 years old before retirement
- Contribute at least 10% of monthly salary to pension fund

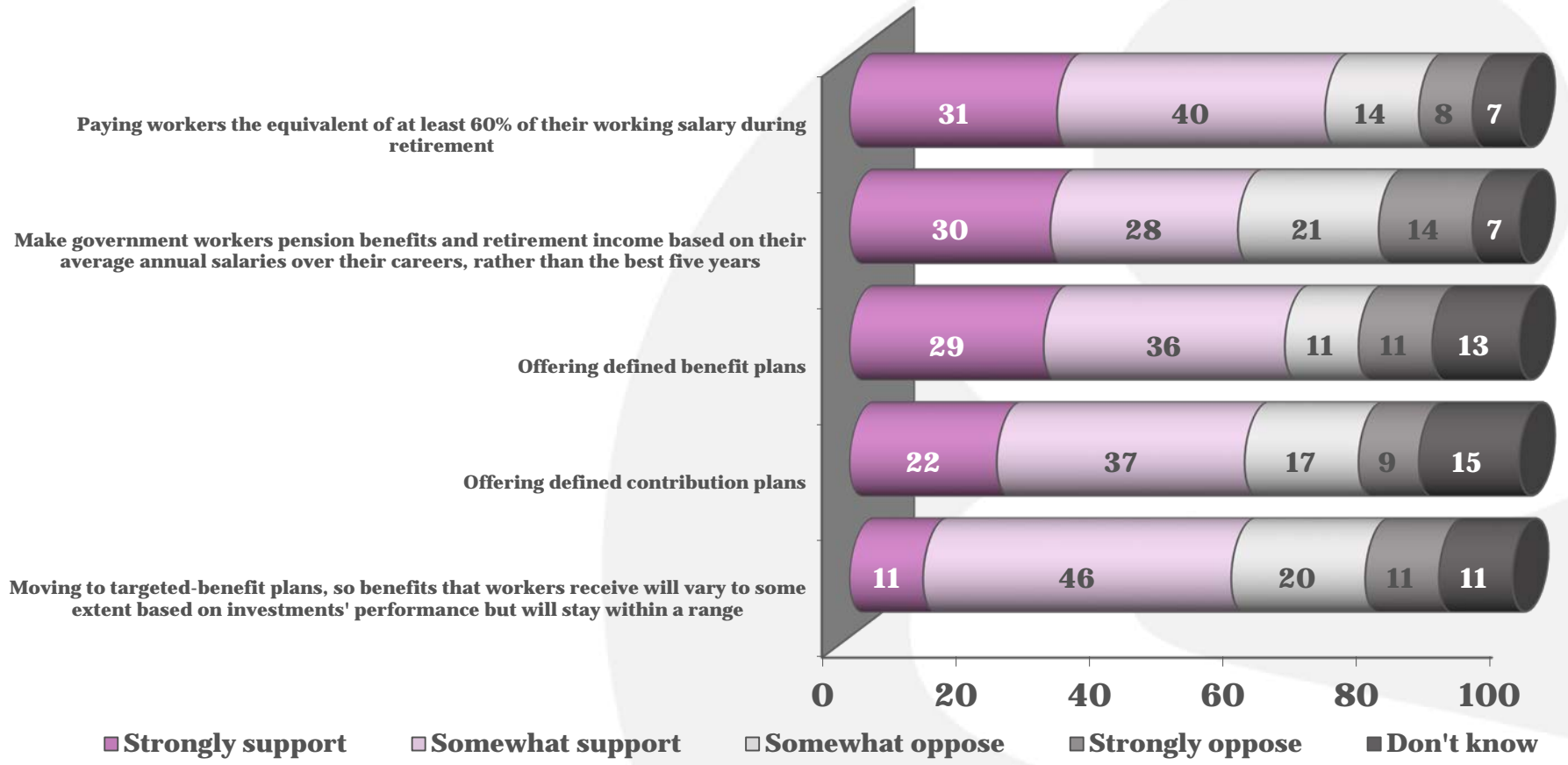
❑ Ontarians do not support

- Retiring as early as 55 years of age but 65 might be pushing it in the other direction
- Allowing workers to retire at any age as long as they've met their years of service
- Reducing benefits when the fund has a shortfall



Support for Pension Plans Government Could Provide

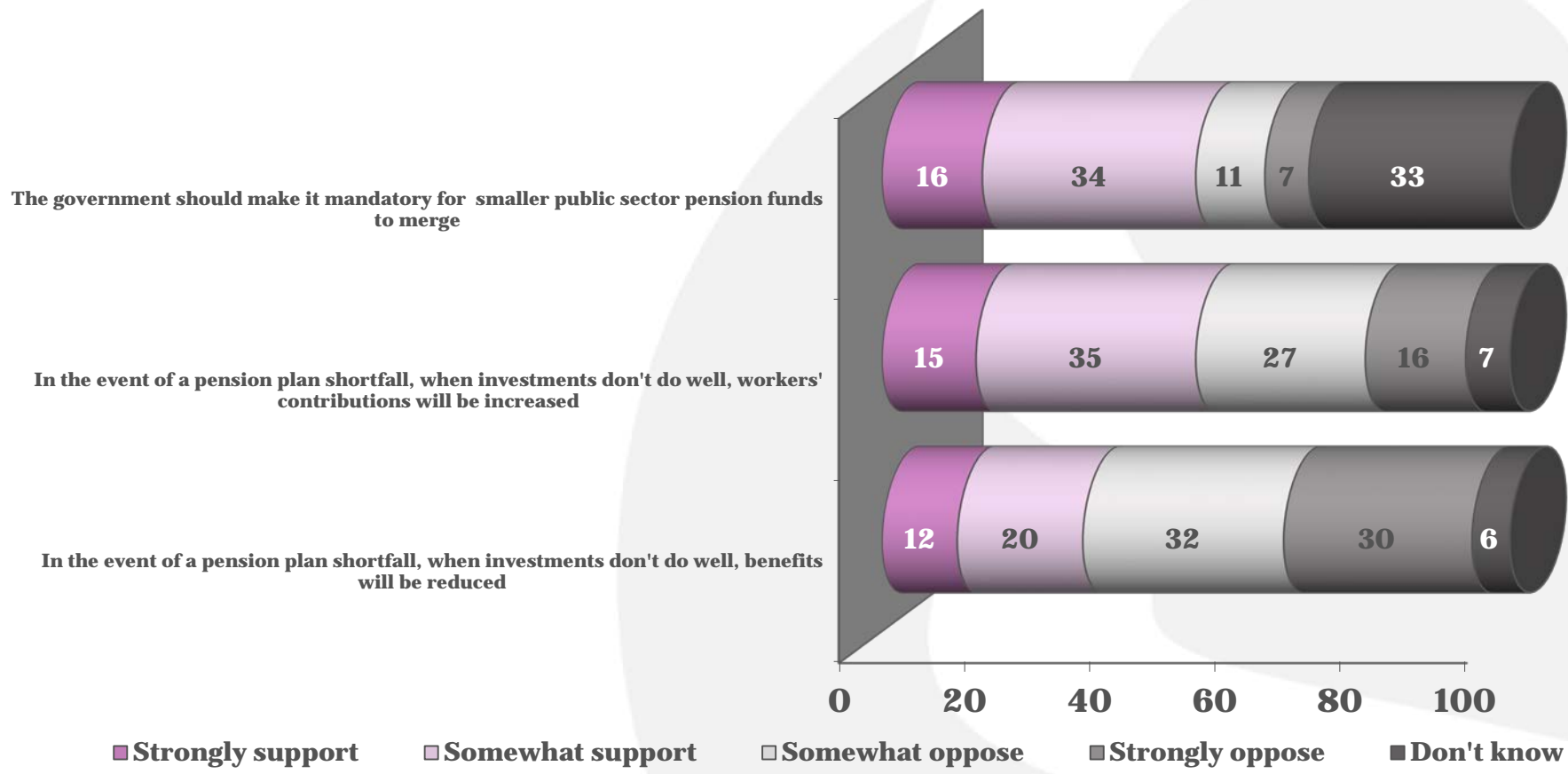
“We'd like your view on some specific options that the government could take with respect to public sector workers' pensions. Please tell us if you strongly oppose, somewhat oppose, somewhat support or strongly support each of the following options:”





What Can Government Do To Fix Pension Shortfalls?

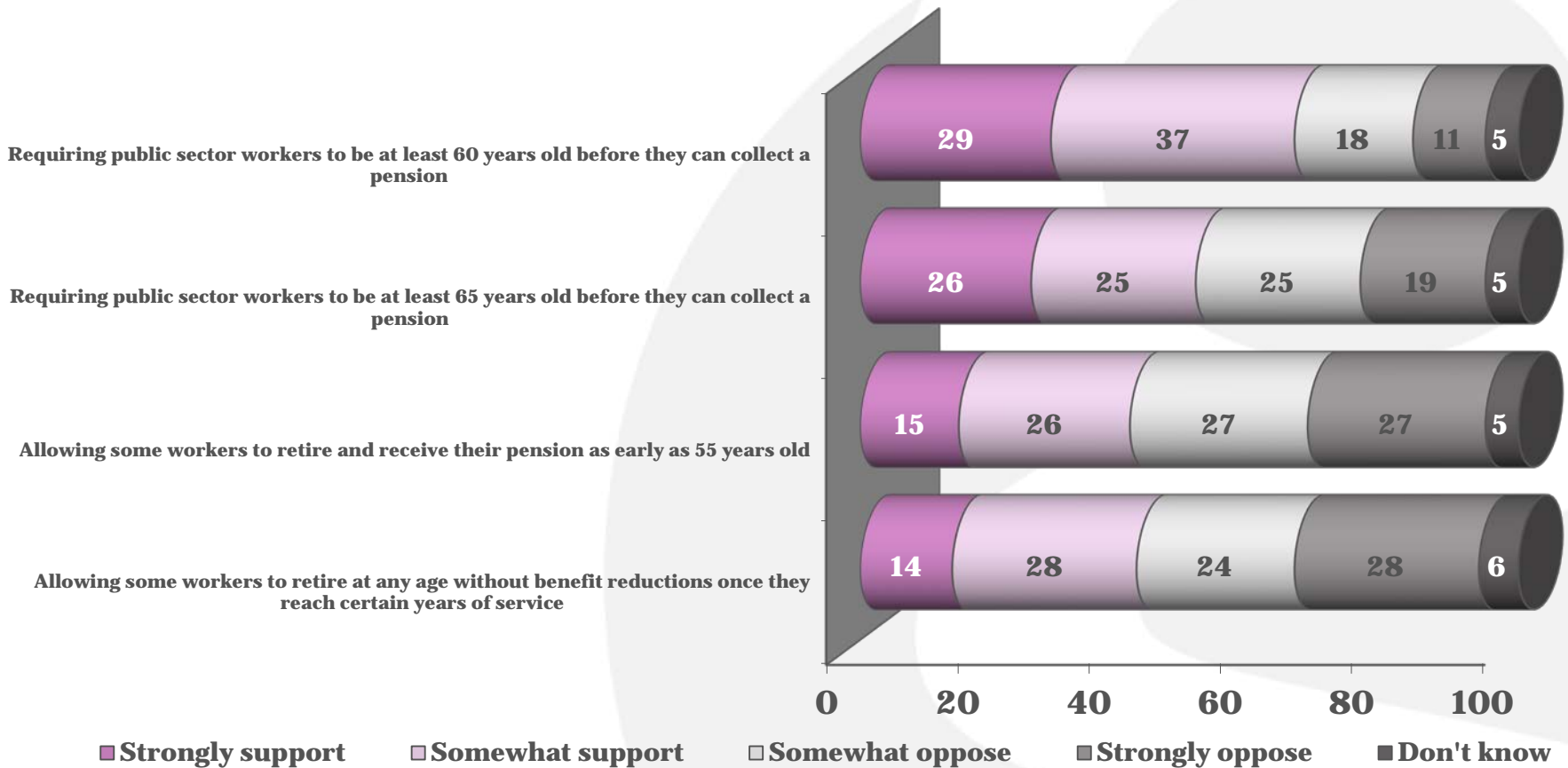
“We'd like your view on some specific options that the government could take with respect to public sector workers' pensions. Please tell us if you strongly oppose, somewhat oppose, somewhat support or strongly support each of the following options:”





How Should Government Approach Retirement Age?

“We'd like your view on some specific options that the government could take with respect to public sector workers' pensions. Please tell us if you strongly oppose, somewhat oppose, somewhat support or strongly support each of the following options:”





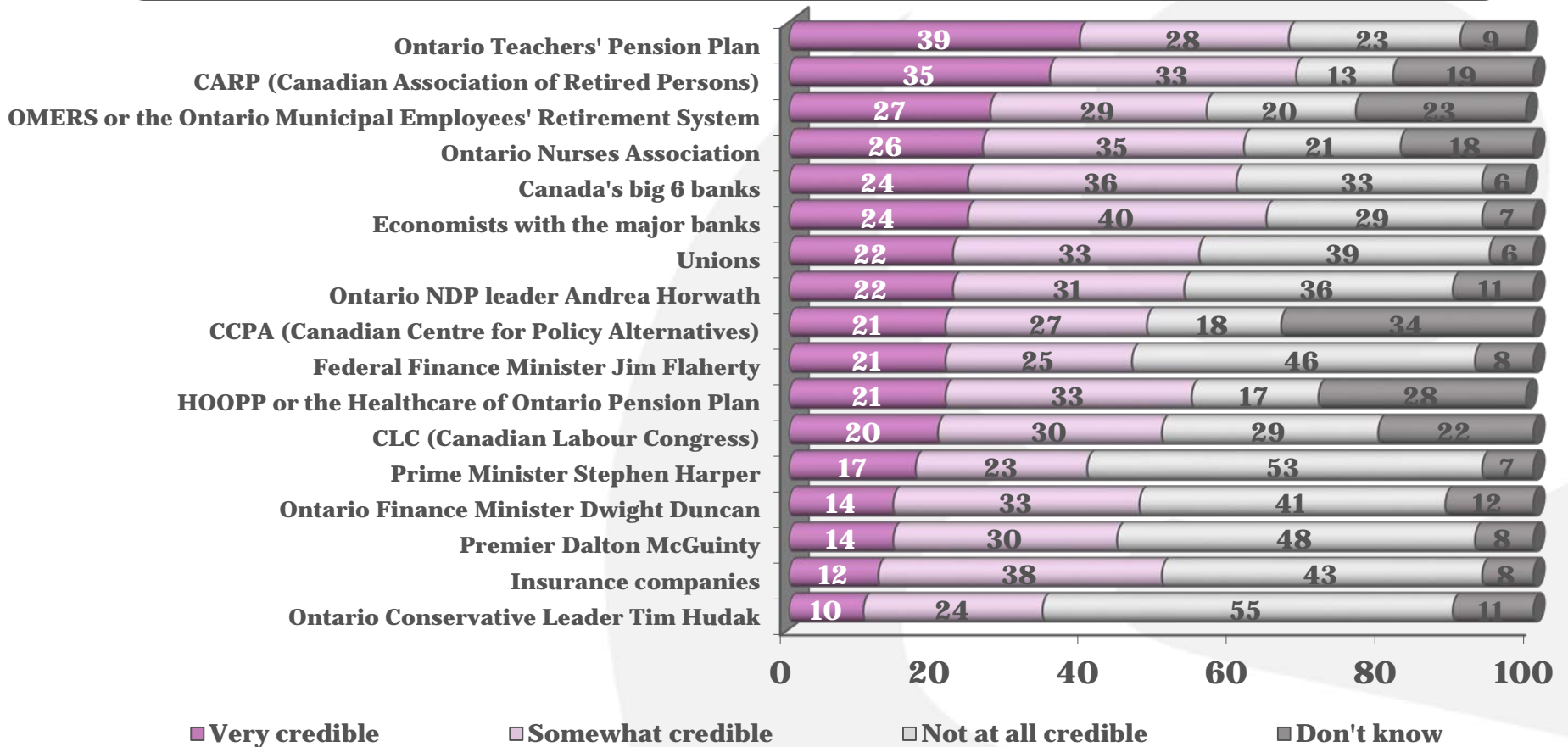
Credibility of People and Organizations on Issues of Pensions and Retirement Savings

- ❑ The Ontario Teachers' Pension Plan and CARP have the greatest credibility on matters of pensions and retirement savings.
- ❑ OMERS, the Nurses Association, economists with the big banks and the big banks also have relatively high credibility.
- ❑ Slightly more than half would view HOOPP as at least somewhat credible, though a quarter are unsure.
- ❑ Ontario NDP Leader Andrea Horwath is the most credible politician tested followed by Federal Finance Minister Jim Flaherty.
- ❑ Ontario Finance Minister Dwight Duncan and Premier Dalton McGuinty are viewed as significantly less credible than Andrea Horwath but significantly more credible than Ontario PC Leader Tim Hudak.



Credibility of People and Organizations on Issues of Pensions and Retirement Savings

“For each of the following people or organizations please tell us how credible you think they are when it comes to the issues of pensions and retirement savings. Please use a scale of one to nine where one means not at all credible and nine means very credible?”





- ❑ Retirement income has become a central issue to Ontarians.
- ❑ More Ontarians are worried about having adequate retirement income than about any other economic issue tested including personal debt and making ends meet.
- ❑ The vast majority believe there will be a crisis in retirement income.
- ❑ And forty percent of Ontarians expect they will need greater income in retirement than they can anticipate receiving.
- ❑ Ontarians with defined benefits pension plans are the least likely to be anticipating a gap between the income they will need in retirement and the income they are likely to receive.
- ❑ Most Ontarians believe that all workers should be able to access the best workplace pension programs.
- ❑ Yet less than 40% of Ontarians believe that most Canadians will have adequate retirement income and even fewer believe that most workers have adequate workplace pension schemes to access.
- ❑ The vast majority of Ontarians believe that corporations are less generous in the pensions they offer yet reject arguments for this – such as an uncertain economy or international competition.



- ❑ Critically, without good workplace pension programs, Ontarians believe that retirees will become a burden to the taxpayer and hurt the economy.
- ❑ It is a structural weakness – 85% believe government has an obligation to ensure employers offer workers access to good pensions – that will have dire circumstances, not just for the individual but for society.
- ❑ While the notion that public sector workers have better pensions than other workers is widely held, a majority of Ontarian support these pensions – only 20% strongly oppose them.
- ❑ Healthcare workers in particular are seen as deserving with little call if any for decreasing these pension benefits.
- ❑ And Ontarians would rather improve private sector pensions than weaken public sector pensions.
- ❑ In effect, public sector pensions are not the problem – inadequate structural mechanisms to ensure that all workers contribute during their working life in order to have adequate retirement income is the issue.