



The Health Impacts of the Gender Pension Gap

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Women in the workforce have made significant strides in recent decades: the gender wage gap is shrinking, women hold a growing share of senior leadership positions at Canadian companies and are more likely than men to be covered by a registered pension plan through their workplace¹. These are important developments worth celebrating, but there is some nuance missing.

Even as the wage gap narrows, women in Canada still face an annual income gap of 29 per cent² – that does not account for race, disability, age or a myriad of other factors which can exacerbate the gap for many women. And while we are encouraged to see more women in leadership at Canadian companies, only about 24 per cent of these positions are held by women³.

Although more women than men are covered by a registered pension plan, they also receive an average of 17 per cent less income in retirement⁴ through workplace pension payments, registered retirement savings plans (RRSPs), Old Age Security, Canada Pension Plan/Quebec Pension Plan (CPP/QPP) and other government benefits. This is referred to as the gender pension gap, meaning women receive 83 cents of retirement income for every dollar paid to men.

These challenges hurt more than just women's wallets and retirements: they can also come at a cost to their health.

The structural inequalities which put women at higher risk of poverty in retirement also disproportionately harm their health and well-being. By improving access to good workplace pensions, we can help reduce these health risks and provide a more equitable retirement for women in Canada. Yet, it will take more than just improving access: employers must continue to close their internal wage gaps, strive for gender parity and take steps to offer or improve retirement benefits for their employees.

Pension plans can also help reduce the pension gap by offering features or benefits that support more equitable pensions for female plan members. Below we outline a few of the features HOOPP offers that help reduce the pension gap for our members, who are mostly women.



Understanding the gender pension gap

Several factors contribute to the pension gap, but the two we will focus on are the gender wage gap and societal gender norms.

The wage gap reduces women's overall contributions into public and workplace pension plans. It can also limit their personal savings – aside from affecting their overall capacity to save, the wage gap also ensures women, on average, have less RRSP contribution room than men⁵. This can have serious consequences, since RRSPs are an essential retirement savings tool for many Canadians.

Even though the wage gap has been closing over time, the pension gap has grown by two per cent since 1976, the first year with meaningful data⁶. The wage gap is compounded by other factors, such as societal gender norms, which can lead to further inequity in retirement.

Societal gender norms make it more likely for women to take time off work to have children or look after their families. Those same responsibilities contribute to the fact that women are twice as likely as men to work part-time⁷, further reducing their ability to save for retirement.

These factors do not only affect their retirements; women are also more likely to have less money in general. HOOPP's [2024 Canadian Retirement Survey](#) found that nearly half of Canadian women had less than \$5,000 in savings, compared to a third of men. In fact, 28 per cent of women had no money saved at all, compared to 17 per cent of men. Women were also significantly more likely to say they did not have enough money coming in to set some aside in savings.

These challenges can sound abstract, but they have serious consequences. For example, about 200,000 more women than men aged 65+ were living below Canada's low-income cut-off in 2020⁸. For a single person living in a city the size of Toronto, that was an annual income of less than \$26,621 before tax, or less than \$33,142 for a couple⁹.

It is not just women's finances at risk.



Health consequences of the gender pension gap

In [*The Health Impacts of a Pension*](#) HOOPP found that women and other gender minorities* are seven per cent more financially stressed than men and experience six per cent lower financial well-being. The disproportionate levels of financial stress experienced by Canadian women can lead to serious consequences for their health.

Research shows financial stress can cause chronic inflammation¹⁰, increased levels of interpersonal stress¹¹ and greater psychological distress¹². Women who are stressed are also more likely to develop anxiety and depression than men who are stressed¹³.

The risks are not limited to their mental health. Stress can affect women in many ways¹⁴, causing:

- High blood pressure, which over time can cause a heart attack or stroke
- Heart disease
- Irritable bowel syndrome, a condition twice as common in women as in men
- Fertility problems, making it more difficult to get pregnant

These health risks are exacerbated by the wage and pension gaps, which increase the likelihood of experiencing financial stress and leave women at an even greater risk of developing these health problems.

Having a pension can help. For example, while our research shows that women experience higher financial stress than men, it also demonstrates how having a defined benefit (DB) pension plan, like HOOPP, decreases financial stress and increases well-being for Canadian workers. Workers with a DB pension experience 10 per cent lower financial stress and nine per cent higher financial well-being than workers without a workplace pension¹⁵.

These benefits extend beyond just reducing stress. As part of our early research into the impacts of pensions on financial stress and well-being, we conducted a scan of the global literature which identified several ways pensions promote health¹⁶. Having a pension can:

- Improve mental and physical health
- Increase life expectancy
- Reduce chronic inflammation by alleviating financial stress
- Promote healthier lifestyles in retirement by facilitating a healthy diet, regular exercise and community engagement (e.g., volunteering, playing team sports)

These benefits are especially crucial for women, as they tend to experience higher financial stress than men and can face more significant health consequences as a result of that stress.



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Unfortunately, most Canadians do not have access to workplace pensions, leaving many – especially women – without access to the secure financial future these plans can help provide, nor the associated health benefits.

Closing the gap

Closing the pension gap is key to improving the health and retirement security of Canadian women. Unlike the wage gap, the pension gap is not shrinking. It will take time, effort and collaboration across the public and private sectors to address. Continued work to reduce the wage gap will be an important step, as will increasing the number of women in leadership positions at Canadian companies.

In fact, HOOPP's 2024 [Canadian Employer Pension Survey](#) found that Canadian employers with at least one woman at the executive level were nearly 20 per cent more likely than employers with no female executives to agree that eliminating the gender pay and pension gaps is important to the social and economic well-being of Canadians.

Another key step is for employers to offer workplace pensions to their employees if they do not already do so. Improving access to workplace pensions would benefit all Canadians, but especially:

- Women working in the private sector, who are much less likely¹⁷ to be covered by a workplace pension
- Women with lower incomes, who are less likely¹⁸ than men with lower incomes to have access to a workplace pension

Our research also demonstrates how offering retirement benefits can improve employers' recruitment, retention and even their employees' productivity¹⁹. Offering these benefits is not something employers need to undertake on their own – there is no shortage of pension and other retirement savings products available to employers of all sizes in Canada.

The design features of workplace pension plans also play an important role in closing the pension gap. Many pension plans were not designed with women in mind, which can affect the features and benefits they offer. At HOOPP, women make up more than 80 per cent of our active membership, which has given us unique insights into the plan features that can be particularly beneficial to them.



Here are a few of those features:

- **No waiting periods for part-time members:** Part-time employees can join HOOPP immediately upon hiring. We strongly encourage all part-time, casual and contract employees working for a HOOPP employer to join the Plan as early as possible to start building a secure retirement income. There is no waiting period to join the Plan.

Many other workplace pensions still have eligibility restrictions for part-time workers, which can include minimum requirements for salary or hours worked before they are eligible to contribute to the pension. Such requirements can disproportionately penalize women, who are much more likely to work part-time than men²⁰.

- **Buying back past service:** There may be times when HOOPP members need to be away from work, such as for a pregnancy or parental leave, or for other personal reasons. If a member is unable to continue their pension contributions while on leave, this could result in a gap in their contributory service.

That is where buying back service comes in. HOOPP allows members to maximize their pension by buying back eligible past service. By doing this, members can ensure they are maximizing their contributions to the Plan and increase their overall pension at retirement. Providing these options to members is key when it comes to reducing the pension gap, since women are more likely to take time away from work to have children or care for their families.

- **Inflation protection:** At HOOPP, we know that every dollar counts, especially during challenging economic times. To help our deferred and retired members' pensions keep up with inflation, HOOPP may provide cost of living adjustments (COLA).

Offering COLA also plays a role in ensuring more equitable retirements for female members. Women tend to live longer than men and receive less retirement income, making it even more important to safeguard their buying power in retirement.

We encourage other pension plans to consider, or continue, offering these and other plan features, which can help better meet the needs of women and contribute to closing the pension gap. For plans that have not already taken this step, doing so may facilitate new or important insights on how best to serve their members.

We can work together to close the pension gap by addressing the factors that contribute to it. Collaboration across the public and private sectors to reduce the gender wage gap, work toward achieving gender parity at the executive level and offer good workplace pensions that work for all Canadians will be key. These changes would meaningfully improve not only the finances and retirements of Canadian women, but also support their overall health and well-being.



**These findings are based on results from over 2,800 full-time workers in Canada aged 40 to 60. Women and gender minorities refers to participants who selected “female”, “non-gender conforming” (including nonbinary, pangender, gender fluid, bi gender, agender, transgender, etc.) and “I prefer not to say”. Those who selected “non-gender conforming” represent 0.38 per cent of the total participants and those who selected “I prefer not to say” represent 1.19 per cent of the total participants.*

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