HOOPP Healthcare of Ontario Pension Plan

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2023 Canadian Employer Pension Survey

Executive summary

In August of 2023, the Healthcare of Ontario Pension Plan (HOOPP) commissioned Angus Reid Group to conduct its *Canadian Employer Pension Survey*. This annual public opinion survey captures the perspectives of Canadian employers on the impact of the current economic climate on business, the state of retirement security in Canada and the impact of offering retirement benefits on employee recruitment, retention and overall wellbeing.

The results of this year's survey indicate employers remain concerned about inflation, labour shortages and the effects of financial stress on their employees; increasingly, employers are turning to retirement benefits as a way to mitigate these challenges and improve employee productivity. At the same time, the results suggest a disconnect between employer and employee views on pensions potentially preventing more employers from offering retirement benefits.

Employers face labour shortages, delayed retirements and inflation; remain optimistic on profits

Canadian employers continue to face a challenging job market. While the negative impact of inflation remains their top concern (82%), a majority are also concerned about the negative impacts of greater competition for hiring (77%), labour shortage (75%) and employee burnout (73%) on their organizations.

Moreover, 62% of all employers report that their employees are retiring later than they used to. The data suggests a worker's ability to retire on time is tied to the retirement benefits offered by their employer:

- 80% of employers who currently offer retirement benefits say their employees are typically able to retire at or before age 65, compared to only 42% of employers who don't offer them.

Despite inflation and a difficult labour market, employers remain optimistic about remaining profitable (80%), maintaining revenues (77%) and consistent growth (75%).

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Employers see value in retirement benefits; some underestimate employee desire for pensions

More employers recognize the advantages of offering retirement benefits, with 23% (+6 pts since 2022) introducing or enhancing their retirement benefit offerings this year or next. Employers rank retention (64%), recruitment (59%) and helping reduce the financial stress of their employees (46%) as the main benefits of offering retirement benefits.

Over the last year, there's also been an increase in the number of employers who prefer to improve benefits (34%, +5 pts) to attract talent in a competitive labour market, rather than increase wages (66%, -5 pts).

Yet despite this shift toward benefits, the survey responses suggest employers who do not offer retirement benefits may be underestimating how much their employees want them. Three-quarters (77%) of employers who don't offer them say their employees would prefer a higher salary over a better pension; meanwhile nearly two-thirds (61%*) of Canadian workers say they would prefer a pension to salary.

*Source: *2023 Canadian Retirement Survey*

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Employers who improved retirement benefits in the last year report higher productivity

Employers see a correlation between financial stress and their employees' wellbeing. With most concerned about their employees' financial stress from inflation (86%) and increasing interest rates (82%, +4 pts), the vast majority of those surveyed agree that employees experiencing less financial stress have better mental health (96%) and wellness (94%). And 90% of employers agree it's important for businesses to offer benefits that will reduce financial stress for employees.

A majority of all employers (82%) also agree that retirement benefits are a cost-effective way to reduce employees' financial stress and 69% agree that offering retirement benefits improves employee productivity.

Employers who offer retirement benefits report higher productivity than those who don't and are more likely to see benefits as an effective way to reduce their employees' financial stress:

- 58% of employers that have introduced or improved retirement benefits in the last year report higher than usual productivity, while just 34% of those who don't offer any retirement benefits said the same.
- 87% of employers who offer retirement benefits agree that they are a cost-effective way to reduce employees' financial stress, compared to only 62% of employers who do not offer them. This agreement is even stronger among employers offering defined benefit (91%) and defined contribution (89%) pension plans.
- 73% of employers who offer retirement benefits agree that offering them improves employee productivity, compared to only 52% of employers who do not offer them. This agreement is even stronger among employers offering defined benefit (82%) and defined contribution (79%) pension plans.

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Employers feel responsible for providing pensions to workers, face barriers to doing so

Employers cite cost (56%), limited resources (39%) and a preference for offering higher salaries or other bonuses (30%) as reasons for not offering retirement benefits to their employees.

Despite the barriers, even as employers continue to feel the effects of inflation, 76% agree that businesses have a responsibility to offer a pension plan that workers can access to have an adequate income in retirement.

The majority of Canadian employers (84%) and workers (72%*) agree there is an emerging retirement income crisis; they also continue to recognize the societal value of pensions and the role businesses play in ensuring their employees are well positioned for retirement.

- The majority (84%) of employers agree the government can save money by supporting pensions that are more efficient and affordable.
- 82% of employers agree that if workers can't access pensions, they will become a burden on the taxpayer.
- 79% agree that without good pensions in place the economy will suffer.
- 72% of employers agree they should be required to contribute in some way towards pensions for all workers.

These are consistent with previous years' findings.

*Source: *2023 Canadian Retirement Survey*

Conclusion

Canadian employers remain deeply concerned about workforce challenges and the negative impact of inflation on their businesses and employees. As employers look to attract talent in a challenging labour market, they are increasingly focused on improving their benefit offerings and recognizing the impact of financial stress on their employees and their employees' productivity.

Employers that offer retirement benefits see the value they bring in terms of recruitment, retention and employee mental health and wellness – which leads to higher productivity. And for employers who don't offer retirement benefits, the data suggests a possible disconnect in their understanding of Canadian workers' desire for benefits, and their willingness to pay for them.

As employers continue to face inflation, a challenging labour market and look for new ways to alleviate the financial stress of their employees, introducing or improving retirement benefits could be a key component of their long-term success. For those employers who continue to see obstacles to offering retirement benefits, it would be beneficial for all stakeholders – businesses, workers, government and the retirement industry – to continue to discuss how these obstacles might be overcome.

These findings are based on a survey conducted online from August 7 to 17, 2023 with 754 Canadian business owners and senior leaders with 20+ employees and who have influence over HR decisions. The margin of error for a comparable probability-based random sample of the same size is +/- 3.5%, 19 times out of 20. Sample is achieved in a generally proportional manner from all 10 provinces and targets are placed to ensure reasonable representation of businesses across employee count spectrums.