



HOOPP

Defined Benefit Pensions: Turning Retirement Security into a Talent Strategy

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HOOPP member at Saint Joseph's Health Centre

Introduction

HOOPP is the pension plan for over 500,000 Ontario healthcare workers across more than 870 healthcare sector employers, supporting mobility across the sector and strengthening workers' long-term commitment to working in healthcare. As a critical part of healthcare workers' total compensation, HOOPP plays an important role in attracting and retaining healthcare workers.

Too often, pensions are considered through a narrow cost lens, overlooking their broader value in recruitment and retention, ultimately reducing turnover-related costs and easing financial stress for members. **HOOPP's 2026 Attraction and Retention study by the Behavioural Insights Team (BIT)** demonstrates that by boosting attraction and retention, defined benefit (DB) pensions help employers manage the real and growing costs of turnover.

Healthcare organizations across Canada are facing mounting workforce challenges, including chronic staffing shortages, rising turnover and growing reliance on temporary staffing. These pressures undermine workforce stability and quality of care across hospitals, long-term care homes, home care organizations and community health services. Retaining healthcare workers is essential to delivering high-quality care and sustaining the healthcare system.

A 2022 Canadian Institute for Health Information report highlighted persistent workforce pressures across Canada's health system, as well as ongoing challenges in meeting growing demand for care.[1] Workforce organizations such as the Canadian Nursing Association have similarly emphasized that improving retention is a critical priority for stabilizing the healthcare workforce and sustaining care delivery.[2] Together, this evidence reinforces that workforce turnover is not a short-term disruption, but an operational challenge with significant implications for cost, capacity and continuity of care.

An aging population is putting additional strain on the healthcare system. Ontario's population of people aged 80 and older is projected to more than double between the mid-2020s and 2040.[3] More healthcare workers will be needed to deliver the proper care to this aging demographic.

To better understand the cost implications of turnover, HOOPP commissioned BIT to review the evidence on healthcare turnover costs, including productivity impacts.[4] BIT's study looks at Canadian and international evidence on turnover costs, operational disruption and the drivers of instability across healthcare settings. The research shows turnover is both expensive and disruptive. The study represents a critical starting point in helping Ontario healthcare employers integrate the cost savings associated with offering a DB plan into their decision making.

Canadian labour market research, healthcare sector evidence and the HOOPP-commissioned 2026 attraction and retention study conducted by BIT point to a common theme: DB pensions strengthen workforce stability, reduces costs and anchor a broader, retention-focused talent strategy.

Defined Benefit Pensions and Workforce Stability

Canadian research points to a meaningful connection between DB pensions and workforce outcomes. An analysis from the Retirement and Savings Institute at HEC Montreal examined the labour-market impacts of employer pension plans and found that DB pensions are associated with longer job tenure and lower rates of job separation.[5] This is true particularly among experienced workers who are essential to delivering high-quality care in a healthcare system.[5, 6, 7]

Survey-based evidence reported by Talent Canada further suggests that DB pensions are widely viewed as a powerful attraction and retention tool in competitive labour markets.[8] Consistent with this evidence, HOOPP's 2025 Canadian Employer Survey found that 88% of employers offering a DB pension said it supported their recruitment and retention.[9]

These findings support the role of DB pensions as part of a broader, retention-focused workforce strategy aimed at reducing turnover and retaining experienced workers where labour shortages are most acute. DB pensions function and should be viewed as a long-term workforce investment critical to a sustainable healthcare system, rather than a short-term compensation cost.

Understanding the cost of turnover in healthcare

BIT's attraction and retention study shows that healthcare turnover creates significant and ongoing costs for employers, driven largely by vacancy coverage and lost productivity in addition to the cost of recruiting and training new healthcare workers. Most of the available data focuses on nursing roles.[10, 11] Evidence on turnover costs in healthcare reinforces the scale of the impact. BIT's study identifies 32 distinct cost categories that contribute to total turnover costs, with a handful of drivers consistently accounting for the largest share of employer expense, including:

- Productivity losses before departure and during new-hire ramp-up.[12] Lost productivity is estimated to account for 13–80% of total turnover costs.[4]
- Vacancy coverage, including temporary staffing, closed beds and overtime, represents the single largest cost driver and accounts for an estimated 41–78% of total registered nurse turnover costs.[13, 14, 15] Vacancy costs are largely driven by temporary staffing and overtime for existing staff.[16]
- Training and orientation costs, including onboarding, supervision and preceptor (experienced practitioner who supervises, mentors and trains) time for new hires.[4]
- Spillover effects, such as increased manager workload, coworker strain, burnout and presenteeism (being present at work but functioning sub-optimally due to illness or physical /mental limitations).[4]

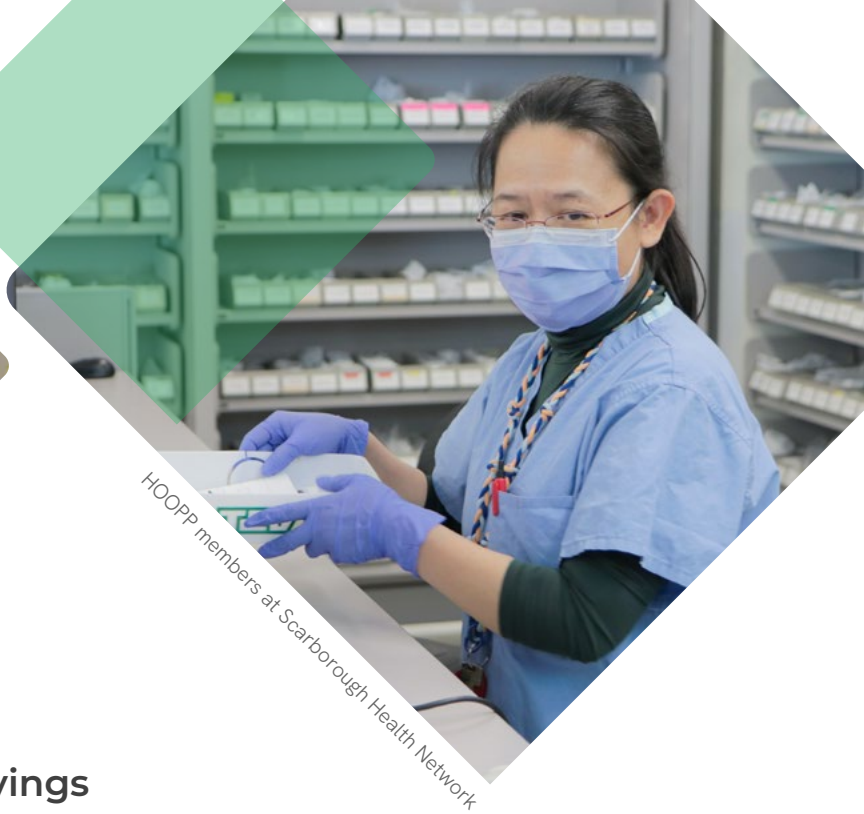
After adjusting for inflation, per-exit turnover cost estimates range from approximately $17,350 to $120,250 CAD across Canadian and U.S. studies.[4] Canadian estimates are about $40,000 per nurse, while U.S. estimates reach $85,000-$120,000 per nurse under more comprehensive cost models.[4] Taken together, it is clear that turnover is both financially costly and operationally disruptive, underscoring the strong business case for employers to invest in retention.



"Being a HOOPP employer is a tremendous advantage for us. HOOPP strengthens our ability to attract exceptional talent, retain experienced staff, and build a workplace where people feel invested in for the long term."

– Jess Rogers,
CEO, Association of Family Health Teams of Ontario





HOOPP members at Scarborough Health Network

How DB pensions translate into savings

Given these high costs, even small, sustained reductions in turnover driven by stronger job stability and retention associated with DB pensions can translate into meaningful savings for healthcare employers.

While no study directly quantifies the savings generated by DB pensions, applying plausible retention effects to published healthcare turnover cost ranges helps illustrate the order of magnitude of potential savings.[4] The analysis assumes a baseline turnover rate of 20%, consistent with Canadian evidence,[10, 11] and models turnover reductions of two to six percentage points, reflecting the limited available evidence that DB pensions are associated with turnover reductions of approximately 20-40% .[5, 6, 7] For a hospital employing 1,000 registered nurses and turnover costs of $40,000–$78,000 per exit, the resulting modeled annual savings include:

- $0.8–$1.6 million with a two percentage point reduction in turnover
- $1.6–$3.1 million with a four percentage point reduction in turnover
- $2.4–$4.7 million with a six percentage point reduction in turnover

Actual savings will vary by role mix, baseline turnover and local labour-market conditions. However, the estimates illustrate the potential order of magnitude of employer value before accounting for the quality-of-care gains that come with a more stable workforce.



"HOOPP is a significant competitive advantage in our recruitment and retention efforts. ICL employees work hard to strengthen Canada's healthcare system, so it's great that HOOPP works just as hard for them, providing peace of mind and retirement security. We deeply appreciate the knowledgeable and passionate HOOPP team who support us."

- Shams Akhundova,
Human Resources Director, In-Common Laboratories (ICL)

Why DB pensions matter in today's healthcare labour market

Canada's healthcare system depends on a stable, well-supported workforce. Yet current labour market conditions marked by persistent vacancies, rising turnover and growing reliance on temporary staffing continue to place strain on employers, workers and care delivery. The evidence is clear that turnover is costly, disruptive and a significant contributor to system pressure across healthcare settings.

DB pensions — like the pension provided by HOOPP — help counter these challenges by supporting longer job tenure and improving retention. By providing predictable, lifelong retirement income, DB pensions increase the attractiveness of long-term employment for healthcare workers while helping employers stabilize staffing, reduce burnout and limit reliance on expensive short-term staffing solutions. When retention-related savings are considered alongside vacancy and productivity costs, DB pensions present a compelling business case as part of a broader healthcare workforce strategy.

Strengthening access to DB pensions reflects a practical and forward-looking investment in healthcare workforce stability and system sustainability. By prioritizing retention-focused policies, including pension coverage, governments and healthcare employers can take meaningful steps to strengthen the workforce, improve financial sustainability and support the healthcare workers that Canadians rely on for care every day.

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