

# The Pensions Canadians Want: The Results of a National Survey

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Report on a Survey Prepared for the  
Canadian Public Pension Leadership Council

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# Message From the Author

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I want to thank the Canadian Public Pension Leadership Council for the opportunity to work on this project. Particular thanks are due to Derek Dobson and Dominique Roelants for their encouragement and guidance, and to Richard Shillington for his help with statistical analysis. Any shortcomings in the report are my responsibility. I would also like to thank the communications group at BC Pension Corporation for their help with editing and the communications group at CAAT Pension Plan for preparing the highlights of the report.

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# Section 1: Introduction

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This report has been prepared for the Canadian Public Pension Leadership Council (CPPLC).<sup>1</sup> It summarizes key results from a survey of 1,000 adult Canadians on a variety of issues related to their hopes and expectations for retirement income. The survey respondents are not yet retired from the labour force (though some have retired from previous employment), and the survey was conducted in August 2016 by the polling firm Ipsos Reid. Appendix 1 provides a description of the issues that survey respondents were asked to address, the sub-populations of survey respondents that are identifiable and the form in which questions were asked.

The survey results give rise to a number of key findings:

1. The features of pension and retirement income programs that are valued by respondents coincide with features of defined benefit (DB) plans and, within limits, respondents are prepared to pay more to improve the quality of their pension/retirement savings plans.
2. There is a great deal of variation among respondents in terms of the confidence they have in meeting their targets for retirement income and retirement age, with members of workplace pension plans and especially members of DB plans being more confident than others.
3. Canadians are finding ways to deal with inadequate retirement savings, including retiring later and working after retirement.
4. There is broad agreement among respondents that maintaining living standards in retirement is a key objective, but this objective is interpreted broadly to include income to deal with various contingencies over and above the regular consumption of goods and services.
5. The results cast doubt on retirement savings solutions based on individual choice of investments as they reveal little time is spent on retirement planning and self-assessed knowledge of retirement savings products is limited, as is confidence in managing retirement savings.

The survey and this report have been prepared in the hope they will help people with governance responsibilities for workplace pension plans understand the priorities that people place on various aspects of pensions and retirement savings plans, what they are willing to pay for and how they are experiencing the financial preparation for retirement. In addition, the survey results throw light on questions that have been debated in the context of pension reform: people's objectives with respect to retirement income, portion of pre-retirement earnings people are aiming for and so on.

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<sup>1</sup> The Canadian Public Pension Leadership Council is made up of senior management officials of the following pension plans: CAAT Pension Plan (Ontario), College Pension Plan (BC), Local Authorities Pension Plan (Alberta), Municipal Pension Plan (BC), Nova Scotia Pension Services Corporation (NS), OP Trust (Ontario), Public Service Pension Plan Corporation (NL), Public Service Pension Plan (BC) and Teachers' Pension Plan (BC). This report was revised May 1, 2017.

Section 2 summarizes responses to the survey grouped under headings that reflect the issues addressed. After reporting the general results, I note some important differences within groups in response to questions in section 3. The primary filter used to decide which group results to include in the report is the relevance of the differences to policy and pension plan management.

Group perspectives will include: participation (or not) in a workplace pension plan and type of plan, gender, income, age and region.

In section 4, I will add a brief commentary on how the results relate to issues that arise in public policy debates and in the governing of workplace pension plans; I offer some concluding thoughts in section 5.

In the appendices, I discuss issues of statistical significance and methodology. In what follows, unless otherwise specified, all reported differences are statistically significant, with a margin of error of under 4%, 19 times out of 20.

# Section 2: Responses to the Survey Questions

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## 1. Maintaining living standards is important to most respondents

One of the strongest points of agreement among respondents to the survey was the positive importance they attach to being able to maintain their standard of living in retirement. As can be seen in Table 1, on a ten-point scale, the average level of importance attached to the objective was 8.3, and fully 75% of respondents rated the importance of maintaining their standard of living in the top three levels.

There were some cases where differences among groups in average scores amounted to more than a few tenths of a percentage point. This was true of responses by region, where Quebec stood out as low at 8.0 and the Prairies as high at 8.7. Group registered retirement savings plans (RRSP) participants had an average score of 7.8. Overall, differences by employment status are not statistically significant, but the self-employed have an average score of 8.6, and the employed (other than full time) and the unemployed have an average score of 8.0.

Other groups showed signs of placing less emphasis on maintaining their standard of living in retirement by having less than 70% of respondents with scores in the top three. Groups not mentioned so far with respect to lower average scores who fall into this category are respondents aged 18 to 24 (67%), with incomes below \$25,000 (69%), without a spouse or partner (69%), and males (69%). Despite the low scores for males and respondents without a spouse, these sources of difference are not statistically significant.

### Interpreting maintenance of living standards

Respondents were asked questions designed to determine how broadly they interpret maintaining their standard of living. More specifically, they were asked if they thought they needed additional income to address various contingencies such as travel and recreation, and so on. The contingencies and summary of measures of their responses are provided in Table 1.

**Table 1: Defining retirement income objectives**  
rated from 1 to 10, all respondents

Objective	Average score	Top three	Bottom three
Maintain standard of living	8.3	73%	2%
Additional for health expenses	8.0	66%	3%
Additional for travel, recreation	7.9	66%	3%
Additional to help family members	7.2	53%	10%
Additional for bequest	6.2	36%	18%

Additional income for health-related expenses and additional income for travel and recreation yielded an average score close to the general desire to maintain a standard of living score. The portion of respondents who gave these contingencies top three scores was somewhat lower than with the desire to maintain a standard of living.

The average scores on the need for additional income to help family members were lower but still well above a middle-ranking score, which would be 5.5. The 36% of respondents who ranked a bequest as being among the top three scores was decidedly lower than the other reasons for wanting additional income. But it is a non-trivial portion of respondents. Respondents gave an average of 7.9 to the proposition that it was more important to guarantee income for life as opposed to leaving a bequest, and 65% of respondents gave this proposition a top-three weighting.

Among the groups for which data has been gathered on retirement income objectives, there are some departures from the mean that are worth noting. Higher weights are recorded by respondents in the Prairies (8.4) and the self-employed (8.2). The desire for extra income to finance travel and recreation also tends to increase with income.

The desire for extra income to help family members is stronger among women than men (7.4 versus 6.9) but tends to decrease with age. The desire for extra income to deal with health issues is also stronger among women than men (8.3 versus 7.7), and lower in Quebec (7.7). The bequest motive for wanting extra income tends to decline with age and is lower among the self-employed (5.5). The decline with respect to age is not statistically significant.

## 2. Target replacement incomes vary widely; retirement ages less so

Respondents were asked what percentage of their pre-retirement income they would need in order to maintain their standard of living in retirement. The responses to this question covered a wide range with only 28% of responses falling within the 50–70% range. Thirty-one per cent thought they needed more than 70%, while 22% thought they needed less than 50%. This was also a question that had 18% of respondents indicating that they did not know or were not sure of the per cent of pre-retirement income they would need.

The question of pre-retirement income replacement level also gave rise to differences among the groups observed. The youngest respondents (aged 18 to 24) and the oldest respondents (above age 65) stood out for having high rates of “don’t know, not sure” (31% and 33%) and low rates in the 50–70% range (both 17%). Higher rates in the 50–70% range were given by respondents in the income ranges \$75,000 to \$99,000 and \$100,000+ (46% each), while rates of “don’t know, not sure” were low at these income levels (4% and 9%). Large portions of respondents in the Atlantic region and the Prairies needed less than 50% income replacement (29% and 26%, respectively). Overall, differences by region were not statistically significant.

Other bases for different levels of “don’t know, not sure”:

- Male versus female (11% versus 25%)
- Canadian born versus not (20% versus 11%)
- Having a partner or spouse versus not (16% versus 23%)

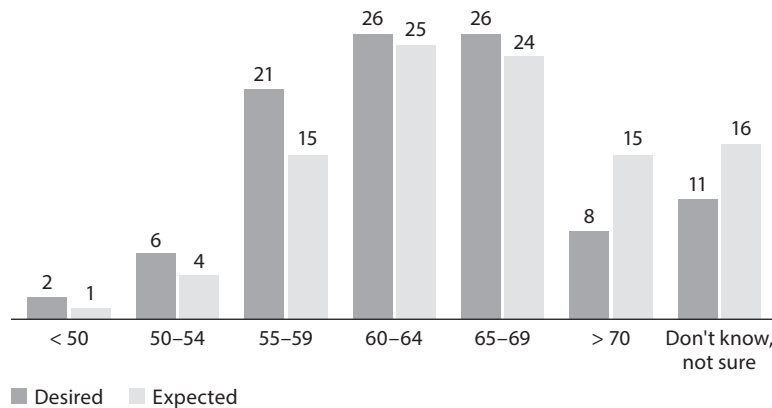
Notably lower levels of “don’t know, not sure” were found among full-time employees and members of workplace pension plans (12% each).

## Desired and anticipated retirement ages

Respondents were asked about their desired age of retirement and their expected age of retirement. The key results for the respondent population as a whole are presented in Graph 1. Both the desired and expected ages are concentrated in the 55 to 69 age range (73% and 64%, respectively), with one in four identifying the 65 to 69 age range. There is a minor gap between the desired and expected retirement ages, with the expected retirement ages being a bit later than the desired and a small increase in the relative size of the “don’t know” group.

Desired retirement ages above age 65 are somewhat higher than the 34% for the whole population among the youngest age group (39%), the two lowest income groups (43% and 40%), non-Canadian born (43%) and respondents with no spouse or partner (41%). The distinction with regard to having a spouse is not statistically significant.

**Graph 1: Desired and expected retirement ages**  
all respondents, by age



Lower rates of desired retirement above age 65 were found among respondents in the Atlantic provinces (25%), at ages 25 to 34 (22%), and among the full-time employed (27%) and members of workplace pension plans (24%). Overall, differences with respect to region and employment status were not statistically significant. Among respondents who did not belong to a workplace pension plan, a desired retirement age over 65 was reported by 41% of respondents.

Respondents in the lowest income group had high levels of “don’t know, not sure” responses (20%), while low levels were found among respondents with a spouse or partner (7%), the full-time employed (8%) and members of workplace pension plans (6%).



Generally speaking, the pattern of differences among groups with respect to desired retirement age are repeated for expected retirement age with magnitudes changing, as expected retirement ages are somewhat higher than desired ages and more uncertainty about expected retirement age is expressed.

### 3. Confidence greater among older, high income respondents and workplace pension plan members, especially DB members

Respondents were asked to express the degree of confidence they have in meeting their objectives with respect to retirement age and retirement income on a scale of 1 to 10, with 10 indicating complete confidence.

Despite the lack of statistical significance associated with age and income overall, there is a clear difference between the confidence of the youngest versus oldest respondents with respect to age of retirement and ability to maintain living standards. A parallel difference also exists between the lowest and highest income groups. Table 2 summarizes the results that highlight these relationships. Table 2 also indicates that confidence about retirement age is stronger than confidence about being able to maintain one’s standard of living.

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**Table 2: Confidence in achieving retirement age and maintenance of living standard objectives rated from 1 to 10**

Respondents	Panel 1: Age objective		Panel 2: Maintenance of living standard objective	
	Average score	Ranking	Average score	Ranking
All respondents	6.7	44%	6.1	32%
Youngest respondents	5.7	20%	5.7	17%
Oldest respondents	8.4	66%	7.2	57%
Lowest incomes	5.7	29%	5.0	19%
Highest incomes	7.9	57%	7.5	50%

In addition to the gradient in confidence based on age and income, there was also a clear difference among respondents based on whether they belonged to a workplace pension plan and whether they belonged to a DB versus a defined contribution (DC) plan or group RRSP, with the DB plan participants expressing more confidence in achieving their objectives than members of the DC plans or group RRSPs. These differences are illustrated in Table 3.

**Table 3: Confidence in achieving retirement age and maintenance of living standard objectives rated from 1 to 10**

Respondents	Panel 1: Age objective		Panel 2: Maintenance of living standard objective	
	Average score	Ranking	Average score	Ranking
All respondents	6.7	44%	6.1	32%
DB	8.2	68%	7.3	53%
WPP	7.5	54%	7.0	42%
DC	7.2	45%	6.8	31%
Group RRSP	7.3	43%	6.9	35%
No WPP	5.9	33%	5.4	24%

#### 4. OAS and CPP/QPP are the most widely expected sources of retirement income; workplace pension plan income is most important for DB plan members

Respondents were asked which of 10 sources they expected to get retirement income from. The sources and the percentage of respondents who answered in the affirmative are identified in Graph 2.

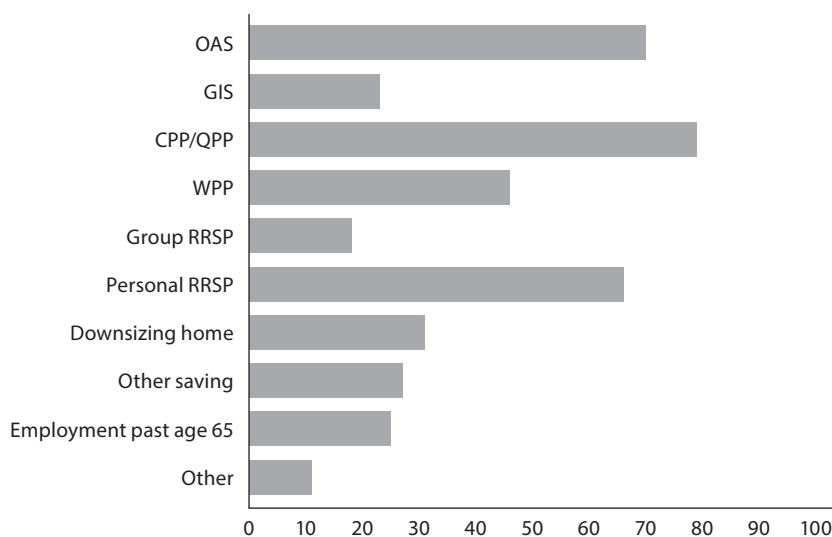
The relative order of magnitude of these expected sources is roughly in line with what is to be expected based on a knowledge of participation rates in the programs. That said, the absolute numbers for Old Age Security (OAS), and the Canada and Quebec pension plans (CPP/QPP) are likely a bit low, and the workplace pension plan number may prove to be high. Receiving income from employment and downsizing housing is in the plans of sizable minorities. There were significant percentages (more than 20%) of “don’t know, not sure” responses for some of the possible sources of income: Guaranteed Income Supplement (GIS) (33%), downsizing (24%), employment (28%) and other (43%).

The expectation of receiving OAS increases strongly with age and less strongly with income, and is stronger among workplace pension plan members than other respondents. It is also stronger among DB plan members than DC members. The expectation of receiving CPP/QPP follows a similar pattern with respect to age and income, though the income gradient for CPP is not statistically significant. The expected receipt of GIS is highest among older ages below 65 and at low incomes. It is much lower among DB members (10%). More than a quarter of all other survey recipients expect to collect GIS with DC members (26%), group RRSP members (30%) and people without a workplace pension plan(31%).

The expectation of receiving income from workplace pension plans and group RRSPs is at a lower level than OAS and CPP but tends to increase with age and even more strongly with income. Not surprisingly, the expectation of a workplace pension plan income is very strong among workplace pension plan members—especially DB members. The expectation of income from personal RRSPs increases with income and is stronger among members of workplace pension plans than non-participants.

The expectation of employment after age 65 is stronger at older ages and among the self-employed but has a minimal relationship to income. The expectation of downsizing is strongest at younger ages.

**Graph 2: Expecting income from each source (%)**  
all respondents



### The most important source of retirement income

Respondents were also asked to identify the source of retirement income that is likely to be the most important. Workplace pension plans (28%) and personal RRSPs (24%) were the most common sources identified, but CPP/QPP (15%) and OAS (10%) were also cited by significant minorities. Workplace pension plans were seldom identified by respondents under age 25 (6%) and personal RRSPs were frequently cited by young respondents (41%). Workplace pension plans were cited at a fairly common level above age 25 (25–30%).

Among workplace pension plan members, 56% thought their plan would be their main source of retirement income compared to 3% of non-members. Among DB members, 74% thought their plan would be their main source of income compared to 52% of DC members. Twenty-four per cent of group RRSP members thought that a group RRSP would be their most important source of income.

Among all respondents, self-managed money is thought to be important for 58% of respondents. The frequency with which self-managed money is cited as important declines with age. It is more important to DC members than DB members.

Roughly one in five respondents thought that an inheritance would be an important source of income in retirement. Variations among groups of respondents were not large except for a lower portion of older respondents identifying an inheritance as important.

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Several positive relationships to income were visible, but overall income was not a statistically significant source of difference.

These relationships include:

- The expectation of income from other savings is strongest at high income levels
- Income from workplace pension plans was identified as likely the most important source of income by 40–50% of middle and upper-middle earners
- The importance of self-managed money increases with income

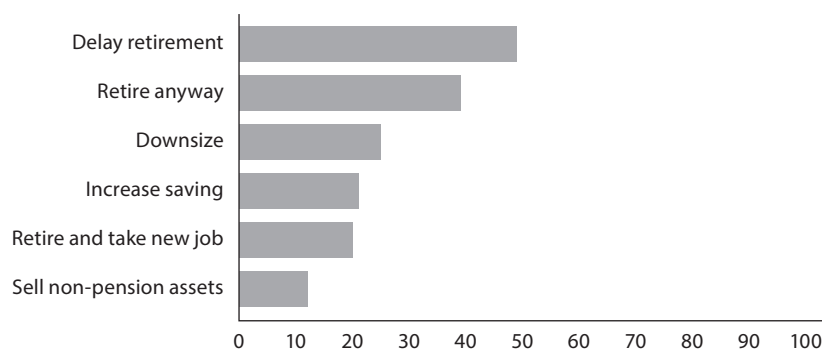
## 5. Dealing with shortfalls: delaying retirement the most common response

Respondents were asked how they would respond if they were approaching retirement age and realized that they were going to fall short of their retirement income objectives. The alternatives suggested to respondents and the percentage of all respondents who chose each are presented in Graph 3.

Overall, the responses are split about 75/25 between those who would adopt a strategy to come closer to meeting their objectives and those who would retire anyway and (apparently) accept falling short of their objective. (Multiple responses to this question were permitted.) Delaying retirement and/or taking a new job accounted for almost exactly 40% of the responses.

The “retire anyway” response increases quite significantly with age from less than 20% in the youngest age groups to just under half in the oldest age groups. In close to a mirror image of this increase in the “retire anyway” response, there is a major decline with age in the portion of respondents who would delay retirement from more than 60% to about one-third in the older age groups.

**Graph 3: Respondents adjusting to falling short of objectives by strategy (%)**



## 6. Likelihood of employment after retirement from current job: uncertain for large numbers

Several questions were asked of respondents about the possibility of seeking employment after retiring from their current job. Responses are summarized in Table 4.

Nearly 40% of respondents expressed the view that they don't know or are unsure whether they will seek employment after they retire from their current job. Of those that have a firm view, 37% will seek further employment. Two-thirds of those who will seek employment will do so for financial reasons, and 70% say they will not be seeking full-time employment.

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It is not captured in Table 4, but respondents who indicated that they would seek further employment were asked how many years they expected to work. Of this group, 17% indicated that they didn't know or were unsure, 43% thought 5 to 10 years, while 25% thought less than 5 years and 15% thought more than 10 years.

The uncertainty about taking employment, which is a strong characteristic of the population as a whole, is lower at the two ends of the age spectrum but just below 50% for the ages 25 to 65. Moreover, within that age range, people with decided views are split almost equally between those who will and will not seek further employment. The conviction that further employment will be taken is relatively stronger at low income levels (27% versus 18%), and among people who do not belong to a workplace pension plan (27%) versus those that do (18%). Overall, income is not a statistically significant predictor of the anticipation of employment in retirement.

Taking up new employment mainly for financial reasons is a more commonly expressed expectation among:

- Lower income respondents (74% in the bottom income range versus 49% at the top)
- Those who are not in full-time employment (61% among full-time employees versus 78% among those employed other than full time)
- Respondents who do not belong to a workplace pension plan versus those who do (72% versus 56%)
- DC plan members versus DB plan members (64% for DC versus 54% for DB)

Income has a statistically significant relationship to seeking employment for financial reasons. Employment status, being a member of a workplace pension plan and type of workplace pension plan do not.

**Table 4: Responses to questions about seeking employment after retiring from current job (%)**

	Yes	No	Don't know, not sure
Will do so for financial reasons (respondents who will seek employment)	66	34	n/a
Will seek employment (all respondents)	23	39	38
Will seek full-time employment (respondents who will seek employment)	20	69	10

## 7. Predictable retirement incomes are important to most

Respondents were asked to rate the importance of several design characteristics of a pension/retirement savings plan on a scale of 1 to 10. The average scores from all respondents is presented in Table 5 below, along with the portion of respondents who assigned a top three score to the design characteristic.

All features received average scores of 7.6 or above, and 60% or more of respondents rated each design feature in the top three levels. The ratings for an income that is guaranteed for a lifetime, predictable and keeps pace with inflation were particularly high—all with average scores of 8.2 or above, with 70% or more ranking them in the top three levels.

Given the high level of favourable response to these features of a pension/retirement income plan, it is not surprising that there is little to say about differences in response among groups. A relatively small but persistent difference in responses to all five design features is that women place a slightly higher value on the features than men do. The average female scores range from three- to six-tenths of a per cent higher than the male scores. Although differences by age are not statistically significant, younger respondents show a little less interest in predictability and inflation protection than their older counterparts. But with average scores in the youngest group of 7.9 and 7.5, respectively, the difference between the youngest age group and the population as a whole are small.

**Table 5: Top three design features of a pension/retirement savings plan rated from 1 to 10, all respondents**

Design feature	Average score	Ranking
Income is guaranteed for a lifetime	8.4	74%
Provides predictable income	8.2	73%
Income keeps up with inflation	8.2	71%
Income is available if forced to retire early	7.7	62%
Income does not fluctuate with investment results	7.6	60%

## Financing and management of retirement income plans

Respondents were also asked to express their conviction about a number of aspects of the financing and management of pension/retirement income plans. The average scores and percentages of respondents giving each issue a top three rating are summarized in Table 6.

Respondents clearly attach positive importance to these aspects of management and financing—especially to low cost and matching employer contributions. But it is equally clear that convictions about these management and financing issues are weaker than convictions about plan design issues. The lower ranking given to professional management and alignment of interests is noteworthy.

As was the case with views on design issues, differences among groups of respondents were limited. However, there were small but persistent differences, with women having stronger views than men, workplace pension plan members having stronger views than non-members, and DC plan members and group RRSP members having stronger views than DB members. The latter difference may reflect the clearer visibility of these issues in the DC/group RRSP environment.

**Table 6: Top three criteria for the financing and management of a pension/retirement savings plan** rated from 1 to 10, all respondents

Financing and management	Average score	Ranking
Matching employer contributions	7.6	62%
Managed at a low cost	7.6	61%
Contributions off every paycheck	7.1	49%
Managed by a professional with aligned interest	6.7	44%

## 8. Respondents are willing to pay more for quality pensions

Four questions were put to respondents about their willingness to contribute more to a pension or retirement income plan in order to improve particular aspects of a plan. The average scores and percentage of respondents who responded at the top three levels are noted in Table 7.

All of the options for strengthening pensions achieved positive scores in terms of people’s willingness to contribute more, and slight majorities weighted their willingness in the top three responses. By a slim margin, there is a stronger attachment to guaranteeing income over a lifetime compared to the other possibilities. The scores in terms of what people are willing to pay for are somewhat lower than the responses noted above in terms of features that are important to people.

Differences among subsets of the total respondent population are not large, but a number of points of difference are common in the responses to all four questions. Responses tend to be higher for women, respondents with a spouse or partner, members of workplace pension plans, members of DC plans and group RRSPs versus DB plans, and respondents from the Prairies and BC. Lower scores were recorded in Quebec.

**Table 7: Top three plan features for which respondents would pay more**  
rated from 1 to 10, all respondents

Plan feature	Average score	Ranking
More secure pension for a lifetime	7.4	56%
Increase pension	7.3	55%
More predictable pension	7.3	55%
More stable pension over the retirement period	7.3	54%

### Maximum acceptable contributions

Respondents were also asked what is the most they would pay for a pension or retirement savings plan. Respondents were offered a range of choices expressed in terms of percentage of income. The responses are summarized in Chart 1.

The strong clustering in the 5–10% and 10–15% ranges is striking. These are reasonably high levels of contributions if respondents are confining their responses to deductions from their own pay with some degree of match from their employer. The other thing that is striking in the aggregate response is the relatively high level of the overall “don’t know, not sure” response.

Among the different groups of respondents, differences between high and low income respondents were evident. In the lowest income group, 26% of respondents selected “don’t know, not sure” and 17% said they would contribute 5% or less. In the highest income group, 11% responded “don’t know, not sure” and 6% said they would contribute 5% or less.

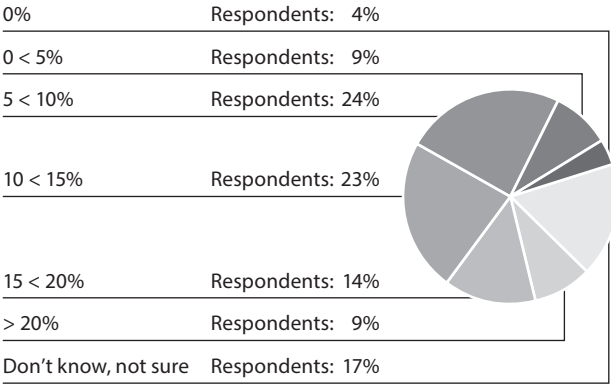
Elevated levels of “don’t know, not sure” were found among women (22%), respondents employed other than full time (33%) and non-participants in workplace pension plans (22%).

When compared to workplace pension plan participants (68%), a smaller portion of non-participants in workplace plans (53%) identified their maximum level of contributions in the 5–20% range.

Respondents aged 55 to 64 were less likely than young respondents to respond “don’t know, not sure” (14% versus 20%) but more likely to say they would contribute nothing to a pension/retirement income plan (12% offered this response).



**Chart 1: Maximum percentage of income that respondents would contribute to a pension/retirement income plan all respondents**



## 9. Changing jobs to get a pension: a minority choice

Survey respondents were asked to rank on a scale from 1 to 10 how likely they would be to change jobs in order to participate in a good workplace pension plan. The average score of all participants on this question was 4.5. Moreover, 19% gave this possibility a top-three and 39% gave it a bottom-three ranking. Age did not provide a statistically significant difference among respondents, but at young ages, changing jobs to gain access to a pension plan was a more likely possibility. At ages 18 to 25 and 25 to 34, the average scores were 5.9 and 6.1, respectively, and the percentages of respondents ranking the possibility in the top three levels were 21% and 30%.

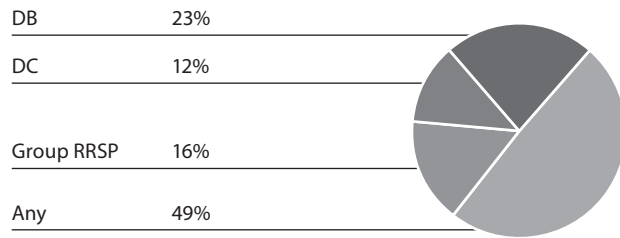
Respondents who indicated that they might change jobs to participate in a workplace pension plan were asked what type of plan they would be looking for if they changed jobs. The percentage of respondents who chose each of the options offered is noted in Chart 2. For those who had a preference, just under half chose a DB plan.

Respondents to the question who were aged 55 and over showed a stronger than average preference for DB plans, while respondents under age 45 showed a stronger than average preference for DC plans and group RRSPs. The preference for DB increased with income, and the choice of “any” declined quite significantly with income, from 70% at the lowest income level to 30% at the highest level.

Groups less likely to choose any type of plan were men (41%), employed (44%) and workplace pension plan members (30%). Among DC members, 30% chose any type, as did 14% of DB members.

Among DB respondents, 68% indicated that they would be looking for a DB plan. Among DC respondents, 42% indicated that they would be looking for a DC plan.

**Chart 2: Type of plan preferred by respondents who would consider changing jobs to participate in a workplace pension/retirement income plan**



## 10. Limited time is spent on retirement planning

Respondents were asked several questions about retirement planning starting with the question of how many hours per month they spent on retirement planning. Less than 5 hours per month was the most common response, at 47%, followed by “no hours” at 27%. Five to ten hours per month was the choice of 10% of respondents, while 11% indicated they didn’t know or weren’t sure. Only 5% spent more than 10 hours a month on retirement planning.

There are variations among groups in terms of the amount of time spent on retirement planning, although, by most breakdowns, the variations are relatively small. But on all of the bases on which data has been broken down, the most common time frames for retirement planning are consistently less than 5 hours or no time.

### Existence of a retirement plan

Respondents were also asked about whether they had a retirement plan and if it was written. They were asked if they had an accurate idea, rough idea or no idea of the saving rate they needed to have. The responses to these questions are summarized for all respondents in Graph 4.

Nearly half of all respondents have no plan. Two out of five have no idea how much they have to save and just less than one in eight have an accurate idea of how much they have to save.

Written plans become more common with age (up to 55 to 64 years old) and with income at all levels. At ages 55 to 64, 31% have a written plan and, at the highest income level, 34% have written plans. Written plans are also more common among respondents with a spouse or partner versus those without (19% versus 12%), and workplace pension plan members versus non-members (22% versus 11%).

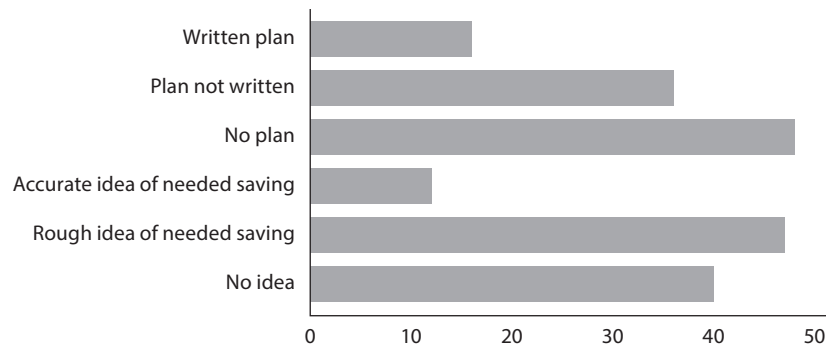
Having no idea what level of saving is required drops significantly as either age or income rises. It drops from 64% in the youngest group to 49% from age 35 to 44, and to 17% for respondents over 65. Having an accurate idea increases from 7% to 23% over the latter two age ranges just mentioned. The “no idea” response drops from 61% to 16% from the lowest to the highest income range.

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*Nearly half of all respondents have no plan. Two out of five have no idea how much they have to save and just less than one in eight have an accurate idea of how much they have to save.*

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**Graph 4: Respondents by type of retirement plan and knowledge of required saving rate (%)**  
all respondents



There are pairs of groups that are quite different in terms of how certain they are about how much they have to save for retirement. For instance, 16% of men and 9% of women have an accurate idea of how much they have to save, while 34% of men and 46% of women have no idea. Similarly, 26% of full-time employees and 17% of other-than-full-time employees have an accurate idea of how much they need to save, while 20% and 25%, respectively, have no idea. Finally, 16% of workplace pension plan participants and 9% of non-participants have an accurate idea of how much they need to save, while 28% and 51%, respectively, have no idea.

## 11. Moderate concern about retirement planning: lower for workplace pension plan and DB plan members

Respondents were asked a series of questions about concerns they might have about planning and saving for retirement, and about how those concerns might affect various aspects of their lives. Respondents were asked to give a 1–10 rating on the importance of the concern and/or its affect. The responses for the survey population as a whole are summarized in Table 8, which provides the average weight and portion of responses in the top three levels.

For the whole population of respondents, the average scores are indicative of a moderate degree of concern about retirement planning issues with respect to both future outcomes and the current experience, with concerns being somewhat greater for future outcomes. At the same time, there are minorities of significant size for whom all of these concerns seem to be quite significant. Again, the portion of all respondents expressing concern about future outcomes is greater than those feeling adverse effects in the present. But, it is not a small matter that one in seven respondents is concerned about the impact of retirement planning on their personal relationships and work.

Women are more concerned than men about future outcomes but not about the current experience.

There are also significant differences among respondents based on the type of retirement plan to which they belong. Workplace pension plan members express lower levels of concern with respect to both the future outcomes and the current experience than do non-members. With one exception, this generalization holds for the average scores and portion of top-three-level concerns. The exception is provided by the top three scores relating to the impact on health for workplace pension plan members and non-members.

Among workplace pension plan members, DB members express less concern about retirement planning than DC members based on average scores, which are consistently six- to seven-tenths below the DC scores. In addition, the portion of DB plan members assigning a top three score to these concerns is typically 7 to 10 percentage points lower than is true of DC plan members. These are significant differences given that the base percentages are typically 25–30%.

Neither age nor income proved to be statistically significant as a differentiator of responses. Nonetheless some patterns of response with respect to these variables are worth noting.

Whether one measures concern by average scores or portions of respondents placing the concern in the top three levels, all concerns tend to decline with age, with the declines in the forward-looking concerns declining more steeply. In a number of cases, the lowest level of concern is reached by age 55 to 64.

The relationship of these concerns to income differs slightly from the relationship to age. With regard to the forward-looking concerns, responses in the bottom two income categories (less than \$25,000, and \$25,000 to \$50,000) are quite similar, and concerns decline above those levels. With respect to the current experience, scores are quite similar in the three bottom-income groups (up to \$75,000). Up to this level, 39% or more of respondents give a top-three score to the idea that retirement planning is having an adverse effect on their work.

**Table 8: Concerns about planning retirement finances**  
rated from 1 to 10, all respondents

Concern	Average score	Top three
Running out of money in retirement	6.8	47%
Being dependent on family	6.0	40%
Being dependent on social programs	5.9	35%
Finding money to save	5.9	32%
Affects my health	5.0	25%
Affects personal relationships	4.5	17%
Affects my work	4.3	17%

## 12. Limited self-assessed knowledge of retirement income sources

Respondents were asked to rank their knowledge of various sources of retirement income from 1 to 10, with 10 representing thorough knowledge. The average scores, and portions of respondents with top-level and bottom level responses, are provided in Table 9.

Average scores are below the median 5.5 level for “other investment products”, reverse mortgages and the Guaranteed Income Supplement (GIS). These potential sources of retirement income also have the lowest portion of top three responses and the highest levels of bottom three responses. Respondents reported the highest level of knowledge of RRSPs and tax-free savings accounts (TFSA). Again, these sources had the highest average score, the highest portion of responses in the top three levels and the lowest portion in the bottom three levels. The self-assessed knowledge of CPP/QPP, workplace pension plans and OAS lay between these two groups of sources. Sizeable minorities ranked their knowledge of most sources in the top three and bottom three levels.

Men have higher self-assessed knowledge than women with respect to all sources of income. The gap in average scores is lowest with respect to RRSPs (0.8 percentage points) and TFSA (0.5 percentage points). Generally speaking, the self-employed have a higher level of self-assessed knowledge than the employed with respect to all sources of income other than workplace pension plans in which the self-employed are generally not able to participate. In a similar vein, workplace pension plan and DB plan members have higher average scores in self-assessed knowledge of all sources of retirement income than non-members, and the gap between them and non-members is especially large with respect to workplace plans.

Again, differences by age and income are not statistically significant but are worth noting.

Self-assessed knowledge of all potential sources of retirement income increases with age. The increase in average scores by age is strongest for OAS and CPP/QPP but also increases notably for GIS, workplace pension plans and RRSPs. The increase in self-assessed knowledge is weaker for TFSA, other investment products and reverse mortgages.

Self-assessed knowledge also increases with income for all sources of retirement income. Generally speaking, the increases in average scores are not as sharp as they are with respect to age. Self-assessed knowledge increases most strongly with income for “other investment products”, RRSPs, TFSA and workplace pension plans (WPPs).

**Table 9: Self-assessed knowledge of sources of retirement income**  
rated from 1 to 10, all respondents

Source	Average score	Top three	Bottom three
RRSPs	6.4	37%	14%
TFSA's	6.4	38%	15%
CPP/QPP	5.9	30%	19%
WPPs	5.8	31%	23%
OAS	5.6	27%	23%
Other investment products	5.2	21%	29%
GIS	4.9	19%	32%
Reverse mortgages	4.3	14%	42%

### 13. Confidence in managing retirement saving is moderate

Respondents answered a series of questions relating to the management of retirement savings. In the first question, respondents were asked to use a 1–10 scale to express the degree of confidence they have in managing their own money, with 10 being a very high level of confidence. The average score for all respondents was 6.1, with 32% providing responses in the three highest levels and 17% in the three lowest levels.

Higher scores were found among men, the self-employed and workplace pension plan members. Average scores for those groups were 6.6, 7.1 and 6.6, respectively.

Average scores and top three responses increased with age and income, though these differences are not statistically significant. Among 55 to 64 year olds, the average score was 6.7, and 44% provided a response in the top three levels. This compares with 5.3 and 22% among 25 to 34 year olds. The increase in confidence based on income is more modest. The average score in the income range \$75,000 to \$99,000 was 6.5, and 37% provided top three scores. In the lowest income range (up to \$25,000), the comparable scores were 5.4 and 24%.

## Use of financial advisors

Respondents were also asked whether they get advice from a financial advisor and, overall, 35% of respondents said that they did. The use of financial advisors increases with age to 46% in the two oldest age groups, and 37% and 53% in the top two income groups. The use of financial advisors is also higher among respondents who

- are Canadian born,
- have a spouse or partner,
- are self-employed, or
- have a workplace pension plan,

versus respondents who do not share these statuses.

The respondents who do not use financial advisors were asked a series of questions to explore the possible reasons for not using them. Respondents were asked to use a 1–10 scale to express the importance of the reason for not using an advisor, with 10 being very important. The responses to these questions are summarized in Table 10, which provides the average score for the portion of responses in each of the top and bottom three levels.

The six questions put to the respondents can be divided into three groups:

- A preference for managing money on one's own
- Practical considerations: cost and size of savings
- Negative concerns about advisors

The non-use of financial advisors is driven, first, by a preference for managing money on one's own, second, by practical considerations, and third, by negative concerns about advisors.

The negative concerns rank below the other reasons for the non-use of advisors, but there is still a significant minority of respondents who rank a lack of confidence in advisors and non-aligned interests in the top three scores. A non-trivial 11% rank bad experience with advisors with a top-three score.

The preference for managing money on one's own is associated with being male and being self-employed. The average male score was 7.4, and the average self-employed score was 8.2. Though not statistically significant, it increases with age starting in the mid-40s. Up to that age, average scores are in the 6.1 to 6.3 range, and the portion of respondents who choose a top three score is 26–30%. But, for 55 to 64 year olds, these numbers are up to 7.7 and 63%.

There is a general lack of clear patterns among the groups for whom the practical considerations loom large in explaining why they don't use financial advisors. Some relationships that are not statistically significant are worth noting. The concern that "savings aren't large enough" declines with income, from 7.1 in the lowest income category to 4.7 in the highest. This reason for not using an advisor is also less important for men versus women, and for non-workplace pension plan members versus members of workplace plans.

Men are more likely than women to express a lack of confidence in advisors, and so are the self-employed versus the employed. Though not a statistically significant source of difference, a lack of confidence increases with age up to the age range 55 to 64. At this age range, average scores are 6.5 for lack of confidence and 6.9 for non-alignment of interests. This compares with scores of 4.7 and 5.3 among respondents age 18 to 24.

The highest income group ranked an actual bad experience with advisors more highly than other groups. The average score for the group was 4.6, and 18% gave it a top-three score. Overall, differences by income were not significant.

**Table 10: Reasons for not using financial advisors**  
 rated from 1 to 10, non-users of financial advisors

Reason	Average score	Top three	Bottom three
Prefer to manage myself	7.0	44%	9%
Don't have confidence in advisors	5.4	25%	25%
Advisor interests are not aligned with mine	5.9	30%	16%
Advisors cost too much	6.8	42%	10%
My savings aren't large enough	6.5	42%	18%
Had bad experience with advisors	3.7	11%	53%



# Section 3: Responses by Key Groups

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## 1. Members of workplace pension plans are more confident and knowledgeable

Among the survey respondents, one of the key things that distinguished groups of respondents was whether they were members of a workplace pension plan.

Members and non-members of workplace pension plans had common objectives for retirement income and common preferences for design features in pension and retirement savings plans. But the two groups differed in a variety of key respects.

First, members of workplace pension plans expressed more certainty about a number of aspects of preparation for retirement. Thus, lower portions of members provide a “don’t know/not sure” response to questions about their replacement rate target, and their desired and expected retirement age. They are also more likely to have a retirement plan and know the rate at which they have to save for retirement.

Second, workplace pension plan members had higher levels of self-assessed knowledge of sources of retirement income and expressed a higher level of willingness to contribute more to achieve desired outcomes. The members also identified a higher maximum amount they would contribute to a pension/retirement savings plan.

Third, workplace pension plan members express greater confidence in their ability to achieve their objectives for both retirement age and replacement rate. Moreover, their desired and expected retirement ages tend to be somewhat lower. They are less likely to look forward to employment after they retire from their current job and less likely to do so for financial reasons. They are less likely to anticipate income from employment after age 65, GIS and downsizing than non-members.

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*Members and non-members of workplace pension plans had common objectives with respect to retirement income and common preferences for design features in pension and retirement savings plans.*

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*Workplace pension plan members express greater confidence in their ability to achieve their objectives with respect to both retirement age and replacement rate.*

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## 2. Members of DB plans are more confident and knowledgeable, and experience less stress

Several aspects of the comparative experience of members of DB plans, DC plans and group RRSPs deserve mention. Again it is worth noting that the participants in these different types of arrangements do not differ in terms of their retirement income objectives. They do differ, however, in terms of the confidence they have in achieving their objectives. The average scores of the DB plan members were higher than the DC plan members and group RRSP members with respect to their confidence in achieving their objectives. The portion of DB plan members who ranked their confidence in the top three levels with respect to achieving both retirement age and income objectives is more than 20 percentage points higher than it is for participants in the other types of plans.

The DB plan members were also nearly one and a half times more likely than DC plan members to see income from a workplace pension plan as the most important source of retirement income. They are also more than two and a half times more likely to identify workplace pension plan income as the most important source than group RRSP members are to identify group RRSPs as the most important source of income.

The greater confidence of DB plan members in achieving their objectives and the greater reliance they place on their income from a workplace pension plan is achieved with a level of stress that is lower by a small but persistent amount compared to DC plan members. DB plan members express less concern than group RRSP members about the impact of retirement planning on their health and work lives. DB plan members also express higher levels of self-assessed knowledge of retirement income sources.

The members of all three types of plans express quite similar views on the preferred plan design features. Features that receive strong support include providing retirement income that is predictable, protected against inflation and guaranteed for life. Plans with these features are more common in the DB realm than in the DC and group RRSP spheres. Members of DC plans and group RRSPs indicate that they would pay more to get these features in a pension/retirement income plan. The combination of preferences and espoused willingness to pay more for features not common to DC plans and RRSPs raises a question whether their current plans are fulfilling their hopes and expectations as fully as possible.

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*DB plan members express less concern than group RRSP members about the impact of retirement planning on their health and work lives.*

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*Features that receive strong support include providing retirement income that is predictable, protected against inflation and guaranteed for life...*

*Members of DC plans and group RRSPs indicate they would pay more to get these features in a pension/retirement income plan.*

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### 3. Women are more strongly focused on objectives but have lower confidence in self-assessed knowledge and ability to meet objectives

Women give higher weight than men to the various retirement income objectives that respondents were asked about. They also express stronger preferences for particular design features, including those most strongly associated with DB plans. Women also indicate a greater willingness to contribute more to a pension/retirement income plan in order to get positive design features than their male counterparts.

Female respondents also express a lower level of confidence in achieving their retirement income objectives, lower level of self-assessed knowledge and greater uncertainty about target retirement age and level of income needed to maintain their standard of living. Greater uncertainty among female respondents was evident in the greater use of the “don’t know, not sure” response, where that option was available, and a lack of certainty about necessary levels of retirement saving.

Women express higher levels of concern about future outcomes with respect to retirement income but somewhat lower levels of concern about current impacts, such as impact on health or personal relationships.

Comparable portions of female and male respondents indicated that they would seek further employment after retiring from their current job. But women were more likely to look forward to part-time work. Women were also more likely than men to say they would respond to a shortfall in meeting their retirement income objective by delaying retirement. They were less likely than men to say they would retire anyway. Equal portions of women and men said they would respond by retiring from their current job and seeking new employment.

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*Women were also more likely than men to say they would respond to a shortfall in meeting their retirement income objective by delaying retirement.*

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### 4. Age-based differences

Age had a very limited effect on the way respondents assessed their retirement income objectives, the targets they identified for retirement age and the level of income they would need to maintain their standard of living. It also had little effect on the preferences of respondents for specific features of a pension/retirement income plan. But as was noted on many occasions in section 2, there were many age-based differences in the responses to questions in the survey. A few high-level ones are worth noting if only for emphasis.

Older respondents had more confidence in meeting their retirement income objectives. They also had more confidence in managing money and a greater self-assessed knowledge of sources of retirement income. They made greater use of financial advisors and had lower levels of concern about future outcomes with respect to retirement income and current impacts of retirement planning on their health, personal relationships and so on. These relationships were clear but could be attributable to chance.

## 5. Income-based differences

Throughout section 2, the difference in responses by income level were noted. Perhaps the most important distinction to be drawn between responses at the ends of the income spectrum are that respondents at the low end are much more likely to use the “don’t know, not sure” response and they express much less confidence with respect to meeting their retirement objectives and managing money. They also have lower levels of self-assessed knowledge of sources of retirement income.

Expected sources of retirement income also vary by level of income. Respondents with low incomes expect OAS and CPP to be their most important sources of income. They are also more likely than respondents with higher incomes to expect to retire later, be employed after retiring from their current job, be employed full time and do so for financial reasons. The low income respondents were also more likely to say they would change jobs to get access to a workplace pension plan, but the absolute levels of response to this question were low at all levels of income.

The low income respondents were less likely to express a willingness to contribute more to achieve preferred pension outcomes. They also expressed more concern about future outcomes with respect to retirement income.

Despite the frequent differences between the responses of people at different income levels, the differences in terms of basic objectives and preferences were relatively small. Wanting extra money for recreation and travel was more common among higher income respondents, as were preferences related to financial management as opposed to benefit design. But, aside from a few very specific differences like these, the differences in these areas were minimal.

As with age, a number of clear differences with respect to income could be attributed to chance.

## 6. Differences by region

Differences in response by region were strikingly small. In some cases, the degree of similarity in responses is almost startling. For example, in response to the question about the degree of confidence respondents have in achieving their goal with respect to retirement age, none of the regional averages departed from the national average by more than two-tenths of a per cent and none of the top three choices in any region departed from the national average by more than three percentage points.

There are, of course, differences in responses. Even where the magnitude of difference among the regions is small, some repeat themselves through groups of related questions and seem indicative of differences that are worth noting. A number involve responses from Quebec.

In response to questions about objectives, Quebec respondents consistently placed a little lower weight on objectives than others. (Prairie respondents often placed a bit higher weight on objectives.) Quebec respondents also gave slightly lower weights to preferences with respect to plan design, indicated less willingness to pay more for specific design features but also expressed less concern about outcomes than respondents in other regions. Quebec respondents were less likely to suggest that they would delay their retirement if they foresaw a shortfall in their retirement income.

Respondents from Quebec and the Atlantic regions were more likely to say the maximum amount they would contribute to a pension/retirement income plan is 5% or less.

Larger portions of respondents from the Atlantic provinces and the Prairies suggested that a retirement income of 50% or less would allow them to maintain their standard of living in retirement. Respondents from the Atlantic provinces also expressed a stronger desire for an early retirement age but that difference disappeared when asked about their expected retirement age. They also expressed a greater interest in changing jobs in order to participate in a workplace pension plan. It is important to bear in mind that level of response to this question was low in all regions.

Readers would be correct in inferring from this account of regional differences that, while responses tend to be similar in all regions, there is a tendency for Ontario, the Prairies and BC to be more consistently similar, with somewhat different patterns in Quebec and the Atlantic provinces. But, it bears emphasizing again that the magnitude of difference among all regions is not very great.

Regional differences with respect to willingness to contribute and replacement rate targets could be attributable to chance.

## Section 4: Relating Results to Issues

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The survey results touch on a wide range of issues. Here, I relate the results to a select number of issues that are important to both people with governance responsibilities for workplace pension plans and to participants in public policy debates on the retirement income system as a whole.

The survey results produce some interesting challenges for people with governance responsibilities for DB plans. Respondents have identified a surprisingly wide range of replacement rates that they think are necessary to maintain their standard of living in retirement. This issue is likely to be in front of plan governors in view of the recently announced increase in benefits provided by the CPP. In addition, respondents do seem to have an upper limit to how much they are willing to contribute to a pension/retirement savings plan. This may suggest the need for some compromise on the “pure” nature of DB arrangements that presume no limit on contributions.

### 1. Objectives

One of the key objectives for retirement income systems is to allow people to maintain their standard of living as they transition from paid employment to retirement. This is also a central objective of workplace pension plans. Much of the recent analytical work done in the context of public policy debates has used a measure of income available to finance new consumption in the pre- and post-retirement periods to assess whether living standards will be maintained. (See, for example, the review of five studies of the retirement income prospects of Canadians in Baldwin, 2016.)

It is implicit in this approach that whatever constituted normal consumption spending before retirement serves as a proper benchmark for post-retirement spending.

The respondents to the survey made it clear that the maintenance of living standards is central to how they think about their retirement income objectives. But, they also made it clear that they don't define this concept narrowly. They look for cushions over normal daily consumption to cover a variety of contingencies both positive (travel and recreation) and negative (health-related spending).

### 2. Target replacement rates

Recent public policy debates on the adequacy of retirement incomes have generated a conversation about the appropriate target replacement rate for retirement income systems as a whole, and for CPP in particular. In both Canadian and international discussions of retirement income issues, it has been common practice to suggest that a retirement income equal to 70% of pre-retirement earnings will allow a person to maintain their standard of living in retirement. In recent years, this benchmark has been challenged as too high, with some analysis arguing that 50–60% is more appropriate. (See, for example, Mintz, 2009, and Hamilton, 2015).

More recently, Vettese (2016) has raised the issue of replacement rate with respect to workplace pension plans—particularly public employee pension plans. As public employee plans decide how to respond to the recent changes to CPP, this issue will be on the agenda of plan governors.

A striking takeaway from the survey results is the wide range of retirement income targets identified by respondents. A relatively small portion of respondents (28%) identified a replacement rate in the 50–70% range. Twenty-two per cent of respondents thought they needed less than 50% of their pre-retirement earnings in order to maintain their standard of living, while 31% thought that they needed more than 70%. The rest did not know. There is clearly no consensus on this matter.

This inconsistency creates real challenges for decision-makers who want to facilitate the maintenance of living standards. Responding to the desire for high replacement rates runs the risk that elevated levels of contributions will depress the pre-retirement living standard below the post-retirement level. To the extent possible, this is an outcome to be avoided.

The challenge of establishing an appropriate replacement rate is compounded by the fact that any given gross replacement rate will translate into a variety of net replacement rates. (See Appendices to Wolfson, 2011, and MacDonald, Osberg and Moore, 2014.)

### 3. Workplace pension plans, DB and related issues

In this report, as in pension discourse more generally, frequent reference is made to DB and DC plans. I have argued at some length elsewhere (Baldwin, 2015a and 2015b) that while this distinction still makes sense, it is no longer appropriate to treat questions of benefit design as a binary choice between DB and DC. There are now enough working models of pension plans that combine elements of DB and DC that it is more appropriate to think in terms of a spectrum of choice. Thus reference is made to plans that have DB features—a choice of words that does not preclude plans also including DC-like features.

In section 3 of this report, the positive effects of belonging to a workplace pension plan were noted, along with some of the specific advantages of DB plans.<sup>2</sup> Here, some additional points can be added.

Recently, Kronick and Laurin (2016) have argued that assessments of retirement income adequacy should take into account forms of wealth that are not specifically designed for retirement; they believe that, were we to do so, we would find the portion of the future elderly population that is likely to experience a decline in their standard of living would be much smaller. However, there are many reasons for not accepting this line of reasoning at face value, two of which are highlighted by the survey results. First, many forms of non-pension wealth are inconsistent with the preferences of respondents for income that is predictable,

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*It is no longer appropriate to treat questions of benefit design as a binary choice between DB and DC. There are now enough working models of pension plans that combine elements of DB and DC that it is more appropriate to think in terms of a spectrum of choice.*

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<sup>2</sup> Based on a very different analytical approach, McKinsey (2015) reaches a similar conclusion on the importance of workplace pension plans in general and DB plans in particular in determining whether people are likely to be able to maintain their standard of living in retirement.

protected against inflation and guaranteed to last a lifetime. Second, only a minority of respondents view themselves as likely to receive sources of income that are not designed specifically for retirement.

The survey results highlight the extent to which respondents foresee continued employment after retiring from their current jobs and, more generally, the extent to which they foresee more late-life employment. This finding doesn't come entirely as a surprise, given that employment rates after age 60 have been increasing since the mid-1990s. This increase has been driven in significant measure by overall later entry into paid employment among successive generations as a result of longer periods spent in school. Significant changes have been taking place at both ends of the adult life course. Changes in the structure of the adult life course raise important questions about the age-specific criteria for receiving pensions and about incentives to take up pensions that are embedded in pension design. These issues are more acute in DB plans than DC plans, and are relevant to both public plans like OAS, CPP/QPP, and workplace pension plans. One of the important findings from the survey is the willingness of respondents to contribute more in order to get desirable features of a pension/retirement income plan. As noted above, this finding suggests that many respondents are not getting benefits that are consistent with their hopes and expectations. At the same time, it is important to note that most respondents have a sense of an upper limit to what they are willing to contribute to a pension/retirement income plan. This makes sense: beyond a certain point, pre-retirement living standards will be depressed below post-retirement levels. But it also serves as a constraint on pure DB, in the sense that a pure DB scheme assumes no limit on the willingness and ability to pay more. This constraint has come into play in recent years, with some DB plans introducing a degree of contingency in benefit provisions—usually by making indexing arrangements contingent on the funded status of the plans. These plans are still of the DB variety, but include a contingent element that reflects the recognition of an outer limit on contributions.

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*Changes in the structure of the adult life course raise important questions about the age-specific criteria for receiving pensions and about incentives to take up pensions that are embedded in pension design.*

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*One of the important findings from the survey is the willingness of respondents to contribute more in order to get desirable features of a pension/retirement income plan.*

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## Section 5: Concluding Thoughts

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Section 4 of this report drew attention to the interesting and valuable insights the survey results provide into issues faced by pension plan governors and policy-makers. There is no need to repeat the points raised there. A few additional points deserve mention.

It is commonplace and understandable that discourse on retirement income issues focuses almost exclusively on the extent to which retirement income goals are achieved or are likely to be achieved. But the survey results also draw attention to the experience of preparing for retirement. It is clear that this experience covers a range of comfort levels, depending on the respondent's retirement income arrangement. Belonging to a workplace pension plan, and especially to a DB plan, makes the ride more comfortable.

The survey results also provide an interesting complement to some of the analytical work referenced in section 4 of this report. Much of that work presumes we know the objectives that people have in mind for their retirement income and involves analysis to determine the extent to which the presumed objectives will be achieved. The survey results presented in this paper provide an interesting check on the starting premises of that work, and suggest that objectives may be less straightforward and commonly shared than many analysts assume. The survey results suggest that the analytical work needs some qualifying commentary.

# Appendix 1: Descriptive Information About the Survey

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Survey questions fell into the following subject areas:

- Defining retirement income objectives
- Targets for retirement income and retirement age
- Confidence in achieving objectives
- Likely sources of retirement income
- Strategies for dealing with shortfalls
- Employment after retirement from current job
- Desired features of a pension/retirement savings plan
- Pension/retirement savings preferences: what would you pay more for?
- Pensions as a motivator for job changing
- Planning retirement finances
- Concerns about planning retirement finances
- Knowledge of sources of retirement income
- Managing retirement savings

In addition to the questions about respondents' hopes and expectations for retirement income, the survey gathered data on the social and economic attributes of respondents, as well as a variety of other characteristics (e.g., region of residence and whether they belong to a workplace pension plan). As a result, the survey yielded not only a pan-Canadian view of retirement attitudes but a view that can be broken down by the following characteristics:

- Gender
- Canadian born, or not
- Having a spouse or partner, or not
- Region
- Income level
- Age
- Employment status
- Belonging to a workplace pension plan, or not

The way that results are reported reflects the form in which questions were put to respondents. The questions took three basic forms.

The most frequently used form of question asks respondents to rank their reaction to a proposition on a scale of 1 to 10. For example, respondents were asked to rank on a scale of 1 to 10 the importance of being able to maintain their standard of living in retirement. In all questions posed in this way, 10 is indicative of a strong importance and 1 is indicative of non-importance. Questions posed in this way give rise to average scores that vary from question to question and group to group. They also give rise to differences in the portion of respondents who rank the importance high (levels 8 to 10) and low (levels 1 to 3). Forty-six questions were posed in this way.

Other questions invited a simple “yes” or “no” response. For instance, respondents were asked if they expected to get retirement income from various sources. Questions posed in this way give rise to differences in the portion of the total survey population and various groups that respond affirmatively or negatively. Twenty-three questions were posed this way.

Finally, some questions asked respondents to identify a place on a scale that best reflected their situation. For instance, respondents were asked to estimate the portion of their pre-retirement income they would have to get in retirement in order to maintain their standard of living in retirement and a range of replacement rates were offered as choices. Questions posed in this form give rise to differences within the entire respondent population and from group to group. But, because each scale was developed for the specific question being asked, the scales and responses are not comparable across questions. Eighteen questions were posed in this manner.

## Appendix 2: The Statistical Significance of Responses

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Respondents to the survey were asked three types of questions:

1. Respondents were asked to rank preferences on a scale from 1 to 10
2. Respondents were asked questions with a “yes” or “no” answer
3. Respondents were asked to choose a category of response that best fits their situation

The discussion that accompanies the reported responses begins with a discussion of the responses from the full sample and then moves on to a discussion of responses of various groups identified on page 2. The measures used to assess the statistical significance of responses vary somewhat from one type of question to the next and between the full sample of responses versus group responses.

The rank preference questions are discussed in terms of the average ranking of responses and responses in the top and bottom three levels of response. At a 95% level of confidence, the average levels of response in the population as a whole may vary by plus or minus two-tenths of 1% from the average cited in the text. Thus, if we were to repeat the survey 1,000 times, at least 950 times the average scores would fall within plus or minus two-tenths of 1% of the values recorded in the report.

With respect to the top three and bottom three measures, we can say with a 95% level of confidence that all but a small group of measures will fall within plus or minus 3% of the values recorded in the report. The exceptions relate to six questions concerning the reasons for not using a financial planner. There was a lower level of response to these questions. At a 95% level of confidence, answers may fall within plus or minus 4% of the values in the report.

Most of the questions that invited a “yes” or “no” answer got responses from at least 500 respondents and therefore, at a 95% degree of confidence, the responses quoted in the text will be within plus or minus four percentage points of being the actual percentages in the population at large. One question that attracted a lower response rate was a follow-up to the question whether people planned to be employed after retiring from their current job. The follow-up question to those who said they planned to be employed was the question whether this would be mainly for financial reasons. This question was answered by 227 people, which suggests, at a 95% confidence level, that the actual response may fall within a range of plus or minus 6% of the level of response in the text.

All but two of the questions that invited respondents to identify a category that best describes their situation were answered by more than 750 respondents. At a 95% confidence level, we can say that repeated surveys would produce results within 3–4% of the results recorded in the report. Because of lower levels of response, the question with respect to the type of plan people might look for if they were to change jobs in search of a pension would fall in a range of plus or minus 4% of the recorded response (see page 14) and the question with respect to whether a job taken after retirement would be full or part time would fall in a range of plus or minus 6% (see page 10).

The text of the report includes many discussions of differences in responses within groups of respondents, for example, by region, age, income level, gender, type of plan to which people belong and so on. Differences within groups have been tested for their statistical significance. We have tested to determine, at a 95% level of confidence, the likelihood that differences are not attributable to chance. Differences noted in the text usually pertain to specific populations within a group (e.g., respondents in the Atlantic provinces or women, rather than the more general categories of region or gender). Nonetheless, the cases cited in the text are indicative of statistically significant differences at the group level unless the text states otherwise.

The report does not identify all cases where differences within groups are statistically significant. It also identifies differences in specific populations that differ even where the overall pattern of difference in the group is not statistically significant. These departures from reporting that is limited to groups with statistically significant internal differences reflects a judgement about what is relevant in terms of public policy considerations, or the governance and design of workplace pension plans.

It should be noted too that a number of questions include “don’t know, not sure” as a possible response. These responses are not included in the calculation of statistical significance. However, there are a number of cases where these responses are relevant to public and plan policy, and are therefore noted in the text.

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