

**CARP PRPP/CPP Report  
December 21 2012**

**KEY FINDINGS**

**While CARP members respond generally positively to the idea of PRPPs as an additional savings vehicle, when they begin to examine them in detail, interest in investing wanes and contrasts with the stability and economy of CPP arise.**

**Members use a toolbox of “pension parts” to assemble their ideal PRPP, and the result resembles an enhanced CPP**

**Two thirds of members have pensions and two thirds know of PRPPs. One half are likely to invest in a PRPP (or would have been) as described, because they see them as a useful additional savings vehicle. However, those potential features of a PRPP which would make them invest are not on offer, and are more like the features of an enhanced CPP.**

**When asked to assemble an ideal PRPP from various features, the one liked best is very similar to an enhanced CPP, with regulated fees, employer contributions and a guaranteed payout. The private sector is not trusted to provide secure. Low cost investments for Canadians, and a public option is seen to be essential.**

**The defined benefit is the most important feature of CPP to members, and they believe this benefit should ideally replace, on average, about 45% of pre-retirement income. The vast majority approve of enhancing CPP because it would help those in lower income brackets retire with security. Members agree enhancements to CPP are needed urgently and can't wait any longer.**

**The Conservatives lead in voter preference, and the NDP and Liberals are now tied for second place.**

## Detailed Findings - PRPPs

Two thirds of members have pensions (66%), more likely company pensions (38%) than civil service pensions (28%). One quarter retire on savings (22%), while one tenth rely on CPP and OAS (12%).

### *Do you have a pension plan besides CPP or OAS?*

<b>YES</b>	<b>66%</b>
<b>Civil service pension</b>	28%
<b>Company pension</b>	38%
<b>NO</b>	<b>34%</b>
<b>Just savings</b>	22%
<b>Just CPP/OAS</b>	12%

Two thirds of members are aware of PRPPs (62%).

### *Have you heard of Pooled Retirement Pension Plans, or PRPPs?*

<b>Yes</b>	62%
<b>No</b>	38%

Given a general explanation of PRPPs, about half are interested (48%) in investing.

*Pooled Retirement Pension Plans, or PRPPs, are privately administered voluntary defined contribution retirement investment plans set up by employers, which feature professional management for large pooled funds. How likely would you have been to contribute to a PRPP if they were available when you were saving for retirement (or how likely would you be to contribute now)?*

<b>LIKELY</b>	<b>48%</b>
<b>Very likely</b>	22%
<b>Somewhat likely</b>	26%
<b>NOT LIKELY</b>	<b>40%</b>
<b>Not very likely</b>	16%
<b>Not at all likely</b>	24%
<b>DON'T KNOW</b>	12%

When they break down their reactions, most find PRPPs a good thing (55%), mostly because they cover for pensions and allow more retirement savings. The minority who think them not such a good idea (30%) do so because of high management fees and because they're too much like an RRSP.

***Which of the following best describes your reaction to the idea of PRPPs?***

<b>GOOD IDEA</b>	<b>55%</b>
<b>Covers those without pensions</b>	21%
<b>Allows Canadians to save more for retirement</b>	20%
<b>Pooled funds drive bigger returns</b>	10%
<b>OTHER</b>	4%
<b>Neither a good idea nor not such a good idea</b>	5%
<b>DON'T KNOW</b>	12%
<b>NOT SUCH A GOOD IDEA</b>	<b>30%</b>
<b>Private management fees will be high</b>	12%
<b>Too much like an RRSP</b>	10%
<b>Canadians can't afford to save more</b>	4%
<b>OTHER</b>	4%
<b>DON'T KNOW</b>	10%

The features which would make a PRPP an attractive investment include a target or defined benefit (28%) and employer contributions (26%), neither of which are on offer.

***What one feature of a PRPP would make you most likely to contribute (or would have made you most likely to contribute if they had existed when you were saving for retirement)?***

<b>Guaranteed or target benefit</b>	28%
<b>Employer contributions</b>	26%
<b>Low fees</b>	7%
<b>Promised higher returns</b>	7%
<b>Professional management</b>	6%
<b>Regulated management fees</b>	5%
<b>Auto-enrolment (with opt-out)</b>	5%
<b>Large fund pool</b>	3%
<b>OTHER</b>	2%
<b>DON'T KNOW</b>	11%

Features of a PRPP which would deter interest are dominated by the fact the payout isn't guaranteed, followed by concerns about no employer contributions, high fees and private sector management.

***What one feature of a PRPP would make you most likely to not contribute (or would have made you most likely to not contribute if they had existed when you were saving for retirement)?***

<b>Payout not guaranteed</b>	26%
<b>No employer contributions</b>	19%
<b>High fees</b>	19%
<b>Managed by private sector</b>	11%
<b>Too much like an RRSP</b>	7%
<b>Can't afford to contribute</b>	5%
<b>Voluntary participation</b>	3%
<b>Variable fees</b>	1%
<b>OTHER</b>	2%
<b>DON'T KNOW</b>	8%

While very few are interested in PRPPs as they are designed now (18%), more than half display interest if fees are regulated (59%), and this jumps to almost all if there are mandatory employer contributions (84%) or a guaranteed payout (87%).

***How likely would you be (or would you have been) to invest in PRPPs as they are now, no hard fee-caps, no target return, no employer contributions and privately managed?/if they had regulated low fees?/if they featured employer contributions?/if they offered a guaranteed payout, either a lump sum or a lifetime pension?***

	<b>As They Are Now</b>	<b>Regulated Low Fees</b>	<b>Employer Contributes</b>	<b>Guaranteed Payout</b>
<b>LIKELY</b>	<b>18%</b>	<b>59%</b>	<b>84%</b>	<b>87%</b>
<b>Very likely</b>	4%	13%	43%	48%
<b>Somewhat likely</b>	14%	46%	41%	39%
<b>NOT LIKELY</b>	<b>73%</b>	<b>31%</b>	<b>10%</b>	<b>8%</b>
<b>Not very likely</b>	29%	19%	5%	4%
<b>Not at all likely</b>	44%	12%	5%	4%
<b>DON'T KNOW</b>	10%	10%	7%	6%

More than half do not trust the private sector to provide safe, low cost pension plans (54%).

***Do you have confidence in the private sector being able to deliver low-cost, safe and dependable pension plans for Canadians?***

<b>TRUST PRIVATE SECTOR</b>	<b>33%</b>
Trust a great deal	4%
Trust	29%
<b>DO NOT TRUST PRIVATE SECTOR</b>	<b>54%</b>
Do not trust	39%
Do not trust at all	15%
<b>DON'T KNOW</b>	<b>13%</b>

Almost all members agree the public sector has a role to play (57%) or should be dominant in retirement structures (33%).

***What is the role of a publicly-administered option such as CPP or another public plan in delivering safe, low-cost pension plans to Canadians?***

<b>Public option essential, private plan not trustworthy</b>	<b>33%</b>
<b>Both have a role</b>	<b>57%</b>
<b>Private plan best, public option not sufficient</b>	<b>3%</b>
<b>DON'T KNOW</b>	<b>7%</b>

One half would be more likely to contribute to PRPPs if they were managed by a public sector body (52%).

***Would you be (or would you have been) more or less likely to contribute to PRPPs if they were managed by a public sector body like the CPP Investment Board or provincial teachers' funds rather than the financial industry?***

<b>More likely</b>	<b>52%</b>
<b>Neither more nor less likely</b>	<b>33%</b>
<b>Less likely</b>	<b>7%</b>
<b>DON'T KNOW</b>	<b>8%</b>

The vast majority think mandatory enrolment in a pension plan is a good idea (83%), because a larger fund pool is created, risk is shared and everybody contributes.

***Which of the following best describes your attitude to mandatory enrolment in a pension plan?***

<b>GOOD IDEA</b>	<b>83%</b>
Creates largest fund pool	29%
If mandatory contributions too	26%
All should share contributions	25%
<b>OTHER</b>	7%
Neither a good idea nor not such a good idea	2%
<b>NOT SUCH A GOOD IDEA</b>	<b>8%</b>
Must be an opt-out	3%
May not want to participate	3%
Canadians can't afford this	1%
<b>OTHER</b>	1%
<b>DON'T KNOW</b>	4%%

More disagree the private sector can deliver an alternative to CPP (39%) than think it can (33%), and this is the crux of members' views on PRPPs.

***Do you agree or disagree that PRPPs offer Canadians an adequate, low-cost alternative to an increased CPP/QPP?***

<b>AGREE</b>	<b>33%</b>
Agree strongly	4%
Agree	29%
<b>DISAGREE</b>	<b>39%</b>
Disagree	25%
Disagree strongly	14%
<b>DON'T KNOW</b>	24%

## Detailed Findings - CPP

The defined benefit is the most important feature of CPP (33%), followed by the fact it is the member's (18%). It is also seen to help those with low incomes (14%) and valued for its portability (12%) and employer contributions (11%).

### *Which one feature of CPP/QPP is the most important to you?*

<b>Defined benefit</b>	33%
<b>It's mine/paid into it for years</b>	18%
<b>Helps low income seniors</b>	14%
<b>Portable</b>	12%
<b>Mandatory employer contribution</b>	11%
<b>Public sector management</b>	4%
<b>Mandatory employee contribution</b>	4%
<b>Low risk</b>	3%
<b>OTHER</b>	1%

Members think CPP can be enhanced (and should be) to replace, on average, about 45% of pre-retirement income.

### *CPP/QPP is currently designed to replace about one quarter of pre-retirement income up to a maximum level of income covered. What proportion of pre-retirement income do you think CPP/QPP should replace?*

<b>None</b>	3%
<b>Less than 25%</b>	3%
<b>25%</b>	13%
<b>Up to 30%</b>	16%
<b>Up to 40%</b>	19%
<b>Up to 50%</b>	19%
<b>Up to 60%</b>	5%
<b>Up to 75%</b>	4%
<b>Up to 100%</b>	2%
<b>AVERAGE PERCENTAGE</b>	<b>~45%</b>
<b>DON'T KNOW</b>	16%

In enhancing CPP most members opt for increasing the pre-retirement income replacement rate to 50% (20%) or 35% (16%). One in seven want to increase both income replacement rate and income limit (15%).

***CPP enhancement can either increase the portion of pre-retirement income replaced [now 25%] or increase the level of income covered [now \$50,000]. Which of the following options do you think would best improve retirement security for Canadians?***

<b>Increase replacement rate to 50%</b>	20%
<b>Increase replacement rate to 35%</b>	16%
<b>Increase replacement rate and income coverage</b>	15%
<b>Increase income coverage to \$60K</b>	9%
<b>Increase income coverage to \$80K</b>	7%
<b>Increase replacement rate to 70%</b>	4%
<b>Increase income coverage to \$100K</b>	3%
<b>No upper income coverage limit</b>	2%
<b>DON'T KNOW</b>	17%
<b>NO CHANGE TO CPP NEEDED</b>	7%

The wide majority agree modestly enhancing CPP is a good idea (84%), because it provides more funds for retirement (28%) and helps those in lower income brackets (30%).

***Which one of the following best describes your reaction to modestly enhancing CPP/QPP contributions and benefits?***

<b>GOOD IDEA</b>	<b>83%</b>
<b>Help lower income earners</b>	30%
<b>More money for retirement</b>	28%
<b>CPP too meager now</b>	21%
<b>OTHER</b>	4%
<b>Neither a good idea nor not such a good idea</b>	4%
<b>NOT SUCH A GOOD IDEA</b>	<b>6%</b>
<b>Contribution increase will kill jobs</b>	2%
<b>Employees can't afford this</b>	2%
<b>Not necessary</b>	1%
<b>OTHER</b>	1%
<b>DON'T KNOW</b>	7%



The majority say a CPP replacing 40% of pre-retirement income would have made a material difference in their lifestyles (59%).

***If CPP were enhanced to replace about 40% of pre-retirement income, would it have made a material difference in your quality of life?***

<b>Yes</b>	59%
<b>No</b>	28%
<b>NOT RETIRED</b>	5%
<b>DON'T KNOW</b>	9%

Three quarters agree Canadians cannot wait for significant pension reform (74%)

***Can Canadians afford to wait for the federal and provincial governments to act on significant pension reform?***

<b>Yes</b>	12%
<b>No</b>	74%
<b>DON'T KNOW</b>	14%

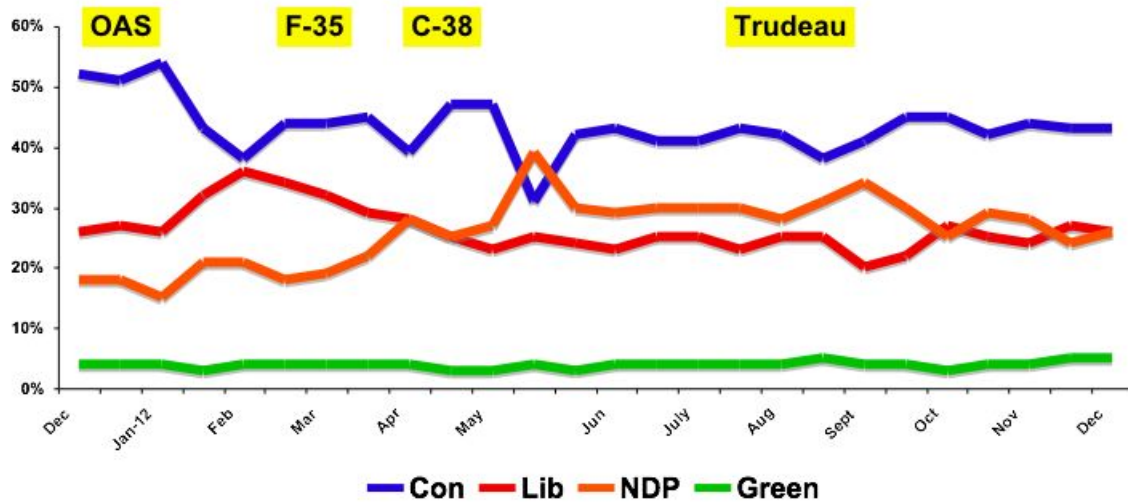
The vast majority of members think Canadians need a modest enhancement to CPP (84%), and just fewer think a significant enhancement is appropriate (74%).

***How urgently do you think Canadians need a modest/significant enhancement to CPP?***

	<b>Modest</b>	<b>Significant</b>
<b>URGENTLY</b>	<b>84%</b>	<b>74%</b>
<b>Extremely urgently</b>	29%	23%
<b>Very urgently</b>	27%	22%
<b>Urgently</b>	28%	29%
<b>Not urgently</b>	9%	17%
<b>DON'T KNOW</b>	7%	8%

## Electoral Preference

The NDP have softened somewhat and the Liberals have plateaued at 26% each, while the dominant Conservatives have avoided recent missteps (43%)



**More than 2000 CARP Poll™ panel members responded to this poll between December 7 and 10, 2012. The margin of error for a probability sample this size is about plus or minus 2%, 19 times out of 20**