

CARP Pension Reform Report Poll June 14, 2013

Key Findings

Two thirds of CARP members are aware of PRPPs and more than half disagree they are the answer to chronic under-savings and retirement insecurity. The majority disagree with the federal finance minister that the economy cannot withstand increased CPP contributions and benefits, and most agree CPP enhancement is the best answer for the economy.

Two thirds agree the provinces should demand movement on CPP enhancement as a condition of their support for PRPPs, three quarters think there is enough support among Canadians to enhance CPP and the majority say their own personal vote will depend on a party's commitment to enhancing CPP.

CARP members are pessimistic, however, both about the chances for significant pension reform, and for their children enjoying the retirement security they did. While they believe significant enhancement to CPP can eliminate poverty among seniors, they hold out less hope for a modest enhancement, as discussed by the finance ministers. On average, 22% is the amount seen as an appropriate enhancement to CPP contributions and benefits.

There is agreement that more seniors will live in poverty if CPP isn't enhanced, and that the economy will ultimately suffer too. The most commonly mentioned messages for Canada's finance ministers are all about CPP enhancement, not PRPPs. Moreover, members agree that, while the benefit of enhancing CPP will only be felt by future generations, they approve of enhancement now.

In an ominous sign for the ruling Conservative Party, which has always been able to count on the support of about one half of CARP members, they are now in second place to the Liberals.

Conclusion

CARP members are urgent in their desire for CPP enhancement to fix Canada's pension crisis. While pessimistic about the chances for reform, they agree the cost of not enhancing CPP is too high, and they will withhold their votes from candidates who do not support it. They recognize these decisions are made to benefit future generations, not themselves.

Detailed Findings

Two thirds of CARP members have a pension, either from the government or from a previous employer (67%), while one third do not (33%), relying on savings and CPP/OAS (18%) or just CPP/OAS (14%).

Do you have a pension plan besides CPP or OAS?

	December 2012	May 2013
YES	66%	67%
Civil service pension	28%	26%
Company pension	38%	41%
NO	34%	33%
Savings/ CPP/OAS	22%	18%
Just CPP/OAS	12%	14%

Awareness of PRPPs is characteristic of about two thirds of members (62%) and this has not changed since we first asked.

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

	December 2012	May 2013
Yes	62%	62%
No	38%	38%

More than half of members say they are unlikely to (or would have been unlikely to) invest in PRPPs as currently structured (54%) and the largest group takes the most extreme position (not at all likely - 29%).

PRPPs, are privately administered voluntary retirement investment plans set up by employers, and are managed by financial industry professionals. They do not provide a defined benefit, they do not have fee caps and they are not managed by the public sector. 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 if you are not yet retired)?

LIKELY	34%
Very likely	12%
Somewhat likely	22%
NOT LIKELY	54%
Not very likely	25%
Not at all likely	29%
DON'T KNOW	12%

Opinion is split on whether PRPPs are a good idea (39%) or not such a good idea (41%).

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

GOOD IDEA	39%
Allows Canadians to save more	17%
Covers those without pensions	16%
Pooled funds drive bigger returns	8%
OTHER	3%
NOT SUCH A GOOD IDEA	41%
Employees bear market risk	13%
No mandatory employer contribution	13%
High private management fees	9%
OTHER	6%
DON'T KNOW	9%

More than half of CARP members disagree PRPPs are the answer to the crisis in Canada's pension system (52%), while just 3-in-10 think they are (29%).

PRPPs were devised by the federal government in response to repeated calls to address under-savings and poor retirement savings returns. Do you agree or disagree PRPPs are the answer to the crisis in Canada's retirement pension system?

AGREE	29%
Agree strongly	2%
Agree	27%
DISAGREE	51%
Disagree	31%
Disagree strongly	20%
DON'T KNOW	20%

Close to 6-in-10 disagree with the federal Finance Minister that the economy is too weak to bolster CPP contributions and benefits (58%), and just more than a quarter agree with this assessment (28%).

Finance Minister Flaherty introduced PRPPs because he said the weak economy could not withstand the increased CPP contributions required from employers for even modest CPP enhancement. Do you agree or disagree with the Finance Minister?

AGREE	28%
Agree strongly	5%
Agree	23%
DISAGREE	58%
Disagree	33%
Disagree strongly	25%
DON'T KNOW	14%

Close to half say enhancing CPP is better for the economy than PRPPs (46%), while just one tenth opt for PRPPs (12%). One third think both together are good for the economy (32%).

Which do you think is better for the economy, an increase in CPP contributions and benefits to prevent poverty among seniors or PRPPs to allow more Canadians to save for their retirement in the private sector?

Increase CPP contributions/benefits	46%
Privates sector PRPPs	12%
Both	32%
Neither	4%
DON'T KNOW	6%

Two thirds agree the provinces should demand CPP enhancement as a condition of enabling PRPPs (66%), while just one fifth disagree (21%).

Do you agree or disagree that the provinces should require the federal finance minister to agree to enhance the CPP as a condition of their cooperation in enacting PRPP legislation?

AGREE	66%
Agree strongly	29%
Agree	37%
DISAGREE	21%
Disagree	15%
Disagree strongly	6%
DON'T KNOW	13%

Fully three quarters of members agree there is enough support among Canadians to enhance CPP (75%), and just one tenth disagree (13%)

Do you agree that there is sufficient support among Canadians that the federal government should consent to enhance the CPP?

AGREE	75%
Agree strongly	31%
Agree	44%
DISAGREE	13%
Disagree	10%
Disagree strongly	3%
DON'T KNOW	13%

More than half of CARP members say they will withhold their vote from a party that does not support CPP enhancement in the next election (55%), and just one quarter agree they will not do so (28%).

Do you agree or disagree you would make support for CPP enhancement a condition of your vote for a candidate or party in the next federal election?

AGREE	55%
Agree strongly	19%
Agree	36%
DISAGREE	28%
Disagree	22%
Disagree strongly	6%
DON'T KNOW	17%

The most common reasons for politicians' inaction on pensions are lobbying by the financial industry in favour of PRPPs (27%) the fact MPs and MPPs have good pensions and don't feel the need to act (24%) and that politicians are out of touch with senior poverty in general (20%).

Why do you think politicians are unwilling to enact even modest CPP enhancement, despite the support it receives from think tanks, labour, business leaders, CARP members and retirees?

Lobbying by financial industry/wants to sell PRPPs	27%
MPs/MPPs have good pensions/they don't care	24%
Politicians out of touch with senior poverty	20%
Benefit/election too far in the future	8%
Federal/provincial cooperation too difficult	5%
Constituents tell them they can't save more	3%
Politicians think youth don't care about pensions	2%
OTHER	3%
DON'T KNOW	6%
NO CPP ENHANCEMENT NEEDED	3%

On average, CARP members think a 22% increase in CPP contributions and benefits is doable and not harmful to the economy.

What percentage increase in CPP contributions and benefits would strike the best balance between ending poverty among seniors and not negatively impacting the economy?

AVG. PERCENTAGE INCREASE	22%
DON'T KNOW	38%

Despite their desire for reform, two thirds of members doubt that pension reform will come in time for the next generation to live in retirement security (68%).

How likely is it that comprehensive pension reform including an enhancement to CPP contributions and benefits, will come to pass in time for the next generation to retire in security?

LIKELY	27%
Very likely	2%
Somewhat likely	25%
NOT LIKELY	68%
Not very likely	54%
Not at all likely	12%
DON'T KNOW	7%

Guided by their pessimism in the previous question, fully 6-in-10 think the next generation will have it worse off in retirement than they did (60%), and this is twice the proportion who think it will be the same (29%). Very few think the next generation will have it better (4%).

As far as you know, will the next generation face better retirement prospects, worse retirement prospects or about the same retirement prospects as your generation?

Better	4%
About the same	29%
Worse	60%
DON'T KNOW	8%
MARGIN IN FAVOUR OF BETTER	-56

Fully one half of members know someone (a senior) living in poverty (50%) although it is unlikely to be the member (4%).

Do you, or does anyone you know who is a senior live in poverty, that is, on an income of less than \$20,000 a year for a couple or less than \$12,000 a year for a single person?

YES	50%
Me	4%
Someone I know	46%
NO	51%

The majority agree a significant enhancement in CPP could eliminate senior poverty (56%), but just 3-in-10 think a modest enhancement will have this effect (29%).

Do you agree or disagree a SIGNIFICANT/MODEST enhancement to CPP contributions and benefits can end poverty among seniors in Canada?

	Significant	Modest
AGREE	56%	29%
Agree strongly	12%	4%
Agree	44%	25%
DISAGREE	28%	52%
Disagree	24%	45%
Disagree strongly	4%	7%
DON'T KNOW	16%	19%

The most commonly mentioned effect of inaction on CPP is seen to be more seniors in poverty, cited by 4-in-10 (39%), followed by mentions of a poor economy caused by more low income seniors (16%) and the increase in taxes caused by social welfare costs (13%). Very few think there will be no negative consequences (3%).

What is the most likely consequence if Canada's politicians do not enact comprehensive pension reform in the next few years?

More seniors will live in poverty	39%
Economy suffers with more low income seniors	16%
Social welfare costs/taxes will increase	13%
Hardship for caregivers/sandwich generation	8%
Seniors will lose dignity and independence	6%
Government will be voted out	4%
Overcrowding in public nursing homes	4%
Politicians will be voted out	1%
OTHER/DON'T KNOW	7%
NO NEGATIVE CONSEQUENCES	3%

CARP members think strategically, and although almost all are retired, fully three quarters agree it is worth enhancing CPP now for a benefit that will only arrive in a generation (74%).

Do you agree or disagree that it is worth increasing CPP contributions now for benefits that will only accrue to the next generation?

AGREE	74%
Agree strongly	19%
Agree	55%
DISAGREE	17%
Disagree	13%
Disagree strongly	4%
DON'T KNOW	8%

When asked to send messages to finance ministers about pension reform, all the significant ones are about enhancing CPP, including hurry up (27%), creating a supplementary CPP-like add-on (19%), committing to enhancing CPP (15%) and abandoning PRPPs in favour of CPP enhancement (13%). Almost none thinks no action is needed (1%).

If you could send one message to Canada's federal and provincial finance ministers at their June meeting about pension reform, what would it be?

Hurry up and enhance CPP	27%
Create supplementary CPP-like plan for everyone	19%
Commit to enhancing CPP	15%
Abandon PRPPs in favour of CPP enhancement	13%
Hurry up and enact PRPP legislation	9%
Move cautiously in current economic environment	8%
Convene Royal Commission on pension reform	5%
OTHER	1%
DON'T KNOW	3%
NO ACTION NEEDED	1%

When told the federal government has made no provision for seniors in need at age 65 who will wait two years for OAS, the most common reaction is that pensions are a federal, not provincial responsibility (25%), followed by a desire for reversal of the OAS decision (19%), the fact OAS is a pension, not welfare (18%), and that the provinces must step into the breach (13%). The contrarian view that the OAS change is a good thing is expressed by one in seven (14%).

The federal government has made no provision to replace the lost pension income from changing eligibility for OAS from age 65 to 67. They have said that those in need can turn to the provinces, whom they will reimburse. No province has introduced legislation to fully cover these two years. What is your reaction to this?

Federal responsibility/not provincial	25%
Federal government should reverse OAS decision	19%
OAS/GIS is pension/not welfare	18%
OAS good planning/people living longer	14%
Provinces must provide for those in need	13%
Doesn't affect me/matter to me	3%
Won't happen for 10 years/doesn't matter yet	2%
Those in need can apply for welfare	1%
OTHER	1%
DON'T KNOW	5%

Fully three quarters disagree that Canadians should have to rely on social assistance because of the change to OAS/GIS payments (75%) and one third express the strongest view (disagree strongly - 33%).

Do you agree or disagree older Canadians should rely on provincial social assistance from age 65 to 67 to replace lost OAS/GIS payments?

AGREE	15%
Agree strongly	4%
Agree	11%
DISAGREE	75%
Disagree	44%
Disagree strongly	31%
DON'T KNOW	11%

Electoral Preference

The Liberals surpassed the NDP as second place party in CARP members' electoral preference in February, and have passed the Conservatives as first place party in the past month. The Liberals are at 39%, the Conservatives at 35%, the NDP at 20%, and the Greens at 5%.

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are needed to see this picture.

More than 1700 CARP Poll™ panel members responded to this poll between May 31 and June 3, 2013. The margin of error for a probability sample this size is about plus or minus 2%, 19 times out of 20