

CARP Financial Security Poll Report
August 23, 2013

Key Findings

There has been a significant increase in the proportion of members who say they live day-to-day and cheque-to-cheque, and a significant decrease in those who say they live comfortably in retirement since we started asking this four years ago, and this change has occurred in the past year.

The vast majority of members, perhaps because of this change in their fortunes, agree that CARP's three main priorities of ensuring retirement security, protecting the rights of older workers and creating an investor protection agency will help ensure financial security for older Canadians. Nonetheless, they do not think the government has made much progress on this front.

Members agree of the three areas of interest, retirement security is the more important, perhaps because two thirds of them have been very poor at one time or another (or more than once). In the case of financial emergency, (most likely a market crash or catastrophic illness) members are most likely to say they will liquidate their investments or, if they have none, sell their homes.

There is agreement that CPP, intended to replace 25% of retirement income, is not adequate to its purpose, and about one third (37 percent, on average) is seen as the appropriate income replacement level for CPP. The vast majority think CPP enhancement is a good idea, to end senior poverty and help Canadians save enough for retirement. One half of members think increasing the age for OAS/GIS is not a good idea, because of its effect on senior poverty, while about a third think it's a good idea, mostly because people are living longer. Three quarters think senior poverty in Canada is a problem which shames us as a country.

Members are enthusiastic about CARP's proposed supplementary Universal Pension Plan (UPP), which they see as the solution to senior poverty. Flex time and innovative job scheduling are seen to be the key to getting more older workers in the labour force, and a national investor protection agency is seen to be important to protect small investors and retirees from fraud.

The Liberals and the Conservatives are in a tight race for first place in voter preference, while the NDP lags.

Detailed Findings

We have asked how comfortable members will be in retirement (or are in retirement) for four years. Results in the past have always been fairly consistent, with about 3-in-10 being comfortable, about half having adequate means to live, about a fifth living day-to-day and cheque-to-cheque and few being not comfortable. This year, however, a significant downward change has occurred, and half as many now say they are comfortable as formerly (14%), while somewhat more say they have adequate means (54%), and significantly more say they will be (or are) living day-to-day and cheque-to-cheque (28%).

How comfortable are you in retirement, or do you expect to be in retirement?

	Dec 2009	Apr 2010	Feb 2012	Aug 2013
Comfortable	30%	29%	28%	14%
Adequate means	47%	44%	47%	54%
Just enough/day-to-day	19%	19%	19%	28%
Not comfortable	4%	8%	6%	3%

The vast majority of members agree that concentrating on CARP's three priorities of retirement security, investor protection and the rights of older workers will help ensure financial security for older Canadians (90%).

CARP is recommending that the federal government help older Canadians achieve financial security through comprehensive pension reform, better investor protection, and by ensuring the rights of older workers. To what extent do you think action on these issues would help ensure financial security for older Canadians?

WOULD HELP	90%
Great extent	46%
Some extent	44%
WOULD NOT HELP	8%
Not to a great extent	7%
Not to any extent	1%
DON'T KNOW	2%

Three quarters of members do not think the government has made significant progress on campaign promises to eliminate senior poverty (78%).

The government campaigned in the last election on easing the financial burden on seniors and eliminating senior poverty. Have they followed through on these promises?

PROGRESS HAS BEEN MADE	16%
A great deal has been accomplished	2%
Some progress has been made	14%
PROGRESS HAS NOT BEEN MADE	78%
Not much has happened	53%
Nothing has been accomplished	25%
DON'T KNOW	6%

Eight-in-ten members agree no great progress has been made on securing CARP's three priorities (retirement security, investor protection, older workers - 80%).

To what extent do you think the government has done enough to support retirement security, investor protection and the rights of older workers in particular in Canada?

PROGRESS HAS BEEN MADE	15%
A great extent	1%
Some extent	14%
PROGRESS HAS NOT BEEN MADE	80%
Not to a great extent	46%
Not to any extent	34%
DON'T KNOW	5%

Members are most likely to say they have investments and need protection for them when asked how CARP's priorities affect their lives (19%), followed by those with defined contribution pensions who need pension security (17%). Other responses are that the respondent's children will be affected (14%), that the respondent knows seniors in poverty (12%) and that they themselves will need support (10%). Just one tenth say none of these priorities affect their lives (12%).

How do these three areas of concern impact on your life?

Have investments/need investor protection	19%
Have DC pension/need pension security	17%
Will affect my children/next generation	14%
I know seniors in poverty/need support	12%
Have no pension/need CPP enhancement	10%
My retirement isn't secure/will need support	8%
Still in the workforce/need older worker protection	4%
Have been defrauded/need investor protection	2%
NONE OF THESE IMPACT MY LIFE	12%
OTHER/DON'T KNOW	2%

While one half of members see all three of CARP's priorities as equally important (50%), it is clear pension security is the most important (38%), compared to older workers (2%) and investor protection (6%). Few think none of these is a high priority (3%).

Which one of these areas of concern is the highest priority for older Canadians now?

Retirement security	38%
Investor protection	6%
Rights of older workers	2%
All three	50%
NONE OF THESE	3%
DON'T KNOW	2%

Two thirds of members have experienced financial need as adults, primarily in youth (25%), but also as an adult (12%) and as a senior in retirement (7%). One tenth have lived in poverty more than once (12%). One third have never experienced financial hardship (37%).

Have you ever experienced true financial need as an adult?

YES	63%
When I was young and poor	25%
As an adult	18%
As a senior/in retirement	7%
More than once	12%
Have always been poor	1%
NO	37%

A market failure is seen as the most dire financial emergency which could befall members (27%), along with an unexpected catastrophic illness (25%). One fifth fear government clawbacks (18%) and one tenth fear unexpected home repairs (10%).

What kind of financial emergency would cause you the most financial hardship?

Market crash	27%
Unexpected catastrophic illness	25%
Government rule change/clawback	18%
Unexpected shelter costs/repairs to home	10%
Death of a spouse	9%
Family member requires money	4%
Unexpected tax bill	2%
OTHER/DON'T KNOW	5%

Members say they are equally likely to liquidate their investments (32%) or, for those with no investments, sell their home (32%) to deal with a financial emergency.

Where would you turn for support/funds in a catastrophic financial emergency?

Liquidate investments	32%
Sell home	32%
Second mortgage/reverse mortgage	7%
Credit card/Line Of Credit	7%
Social support/welfare	5%
Family/children	4%
Bank loan	3%
Non-bank loan	*%
OTHER/DON'T KNOW	9%

The wide majority of members agree that CPP does not do an adequate job of replacing 25% of pre-retirement income (79%).

Do you agree or disagree the CPP payments received by pensioners, which are intended to replace about 25% of pre-retirement income, are adequate for their intended purpose?

AGREE	17%
Agree strongly	2%
Agree	15%
DISAGREE	79%
Disagree	46%
Disagree strongly	33%
DON'T KNOW	4%

On average, members think CPP should replace about one third of pre-retirement income (37 percent).

What percentage of pre-retirement income do you think CPP should replace?

Less than 25%	2%
25% (current model)	12%
30%	11%
35%	19%
40%	19%
45%	3%
50%	21%
75%	4%
100%	1%
DON'T KNOW	9%
AVERAGE REPLACEMENT PERCENT	37 Percent

The vast majority think CPP enhancement is a good idea (87%), mostly because it will help end senior poverty (37%) and because Canadians can't save enough now (35%).

CARP has been advocating for a modest increase in CPP contributions and benefits. What is your reaction to this?

GOOD IDEA	87%
Will help end senior poverty	37%
Canadians can't save enough for retirement	35%
Economy will benefit/spending/taxes	10%
Good Idea (OTHER)	5%
Neither a good idea nor not such a good idea	3%
NOT SUCH A GOOD IDEA	4%
Employers can't afford increased contributions	4%
PRPPs are better	2%
CPP is adequate/too generous now	1%
Not such a good idea (OTHER)	1%
DON'T KNOW	2%

One half of members do not think increasing the age for OAS is a good idea (52%), because it will increase senior poverty (17%), force some seniors onto social assistance (15%) and force others to work longer at physically demanding jobs (15%). Among those who think the rule change is a good idea (38%), most do so because people are living longer (21%) and because they think the system was unsustainable in the long term (15%).

What is your reaction to the government's decision to increase the age of eligibility for OAS/GIS?

GOOD IDEA	38%
People are living longer	21%
System not sustainable long term	15%
CPP/OAS/GIS too generous	*
Good Idea (OTHER)	2%
Neither a good idea nor not such a good idea	9%
NOT SUCH A GOOD IDEA	52%
Will increase senior poverty	17%
Will force some seniors onto welfare	15%
Will have to work at hard jobs longer	15%
Not such a good idea (OTHER)	5%
DON'T KNOW	2%

Close to three quarters of members agree Canada is shamed by its senior poverty (71%).

Do you agree or disagree senior poverty in Canada is a problem which shames us as a country?

AGREE	71%
Agree strongly	27%
Agree	44%
DISAGREE	22%
Disagree	18%
Disagree strongly	4%
DON'T KNOW	8%

Enhancing CPP (31%) and creating a supplementary Universal Pension Plan (UP - 24%) are seen to be the best strategies for reducing senior poverty in Canada, followed by a Guaranteed Annual Minimum Income to replace all social supports (17%) and a spousal allowance equivalent for single seniors (10%). Very few say senior poverty is not a problem (3%).

What is the single most effective strategy to limit senior poverty in Canada?

Enhance CPP	31%
Create supplementary Universal Pension Plan	24%
Create Guaranteed Annual Minimum Income	17%
Spousal allowance equivalent for single seniors	10%
Reverse OAS/GIS change	4%
Make caregiver tax credit refundable	3%
Private sector/charity to take on more of the load	1%
SENIOR POVERTY NOT AN ISSUE IN CANADA	3%
OTHER/DON'T KNOW	8%

Members are twice as likely to say they would enroll in a UPP if one existed (27%) as they are to say they would have invested more in RRSPs and PRPPs (11%), although the largest group say they would use both vehicles (38%). Just one tenth say a UPP is not needed (9%)

CARP has advocated for a Universal Pension Plan (UPP) which serves as a supplement to CPP, and covers those not enrolled in CPP. It would be voluntary and managed by a similar board as the CPP's, with the same low costs and protections. If this UPP had existed when you were working, or if it existed now, would you be more likely to enroll in this UPP or to save for retirement through PRPPs, RRSPs and other private investments?

More likely to enroll in UPP	27%
More likely to save with RRSPs/PRPP	11%
Would use both	38%
UPP NOT NEEDED	9%
OTHER/DON'T KNOW	16%

Members are equally likely to think the best strategy for allowing older workers innovative job scheduling strategies (28%) or pension benefits to be collected without income clawbacks (27%). Other ideas include tax incentives for employers (16%) and continuing health and dental benefits for employees over 65 (14%). Few see no need for special employment strategies (4%).

What do you think is the one best strategy for allowing older workers to stay in the workforce longer?

Flex time/reduced hours/job sharing	28%
Allow pension benefits without clawbacks	27%
Tax incentive for employers who hire/retain seniors	16%
Continue health and dental for over-65s	14%
Special job fairs attuned to senior skills	3%
RRSP withdrawal option tax-free to retrain	1%
Caregiver leave support	1%
Change EI rules to give seniors more time to find work	*
NO SPECIAL STRATEGIES REQUIRED	4%
OTHER/DON'T KNOW	6%

The vast majority of members think CARP's idea for a nation investor protection agency is a good one (83%), because it will protect small investors (38%), because the industry is seen to need more policing (24%) and because there is no national securities regulator (18%).

CARP has advocated for a National Investor Protection Agency with investigation and prosecution powers, and with authority to order restitution from a restitution fund. What is your reaction to this idea?

GOOD IDEA	83%
Will protect small investors/retirees	38%
Financial advisor industry needs more policing	24%
No National Securities Regulator	18%
Good Idea (OTHER)	3%
Neither a good idea nor not such a good idea	3%
NOT SUCH A GOOD IDEA	7%
State has no role in protecting private investments	3%
Investors must accept risk	2%
Current investor safeguards are adequate	1%
Not such a good idea (OTHER)	1%
DON'T KNOW	9%

Twice as many members say they would have invested more if a robust investor protection program had been in place (25%) as say they would not have (12%), or say it would have made no difference (12%). One tenth have no money to invest (12%), and very few think investor protection is not needed (1%).

If a robust national investor protection program had been in place when you were investing for retirement, or if it existed now, would it have encouraged you and others to invest more or not?

Would have invested more	25%
Would not have invested more	12%
Would make no difference	12%
DON'T HAVE \$\$ TO INVEST	12%
INVESTOR PROTECTION NOT NEEDED	1%
OTHER/DON'T KNOW	9%

Electoral Preference

The Liberals surpassed the NDP as second place party in CARP members' electoral preference in February, and passed the Conservatives as first place party in May, only to have the Conservatives catch up again. The Liberals are now at 40%, the Conservatives at 38%, the NDP at 17%, 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 August 9 and 12, 2013. The margin of error for a probability sample this size is about plus or minus 2%, 19 times out of 20