

**CARP Pension Reform Poll Report
December 6, 2013**

Key Findings

CARP members are disproportionately likely to have public sector DB pension plans, and do not wish to give up any of their retirement benefits. They believe strongly that all Canadians should have decent pensions and that current retirement benefits must be protected.

There is universal agreement Canadians are owed a decent pension for a dignified retirement, and the most important feature of DB plans are seen to be the guaranteed payout, followed by the cost-of-living adjustment. Those that are underfunded are seen to be badly managed, or the products of an aging population and shrinking workforce. Employers who do not pay up deficits are also seen to be the cause of this.

There is agreement it is better to gradually increase contributions for underfunded plans, rather than cut benefits, but combining plans for greater scale and eliminating non-core benefits are also seen to be courses of action. When given a choice, most would opt for increased contributions over ending early retirement or cutting benefits as a way of keeping a plan healthy. Once again, very few would accept seeing cost-of-living increases eliminated. This idea runs throughout this report - that it is better to increase contributions than to cut benefits, especially the cost-of-living increase.

The plurality would like to see current DB plans sustained, while many would like to see them expanded. Few wish to maintain the status quo. Members assume about 60% of payouts are from investment income, and when they find out the figure is more like 80%, they say this attests to sound, professional management, although some recognize the risk involved. Members see the opposition to CPP expansion from employers' groups as a perception that contributions are a tax, not deferred income, an ideological bias against pensions and a lack of care for employees.

The majority say they will deny their vote to a politician who argues for turning public sector DB plan into DC plans, and this is approximately the proportion who will vote against the current government anyway.

The Liberals continue to lead the Conservatives in voting preference, while the gap is narrowing, and the NDP is in third place.

Detailed Findings

The vast majority of members have a pension (81%), two thirds have DB pensions (65%), and most are public sector plans (42%). Just one tenth have DC plans (8%) and one fifth have no pension (19%).

What kind of pension plan do you have, if any?

TOTAL PENSION PLAN	81%
TOTAL DB PENSION PLAN	65%
Public sector DB plan	42%
Private sector DB plan	23%
DC plan	8%
OTHER	7%
NO PENSION PLAN	19%

There is universal agreement (95%) Canadians are owed a dignified retirement with a decent pension, and two thirds take the strongest position (agreed strongly - 66%).

Do you agree or disagree that all Canadians should have access to an affordable, secure pension plan that will support a decent retirement?

AGREE	95%
Agree strongly	66%
Agree	29%
DISAGREE	4%
Disagree	3%
Disagree strongly	1%
DON'T KNOW	1%

A guaranteed payout is seen as the most important feature of a pension (42% - indicating members are overwhelming on DB pensions), followed at half this level by those who say cost-of-living increases are most important (22%). More general concerns are that the plan is well-funded (14%) and well run (10%).

What do you consider the most important feature of any pension plan?

Guaranteed payout	42%
Cost-of-living increases	22%
Well-funded	14%
Managed by professionals	10%
Employer contributes	4%
Risk/funds pooled	3%
Low cost administration	3%
OTHER/DON'T KNOW	1%

While the largest single group blame DB plan failures on poor management (20%), most accept the more realistic and unavoidable facts that people are living longer and the contributing workforce is shrinking (16% each), or that employers are not paying off fund shortfalls (15%).

DB plans in Canada and elsewhere have faced funding deficiencies, which lead to cut benefits, increased contributions or abandoning DB plans in favour of DC plans. What do you think is the main cause of this?

Badly managed	20%
People living longer	16%
Shrinking workforce/insufficient contributions	16%
Employers slow to pay off fund deficits	15%
Plans too small to survive market downturn	9%
Too many contribution holidays	7%
Benefits improvements not costed properly	6%
OTHER/DON'T KNOW	11%

Members agree the answer to DB plans with funding problems is to increase contributions (35%), followed by about half this proportion who want to end contribution holidays (16%) or combine plans for greater scale (11%).

What is the best way to make DB plans more sustainable at their current benefit levels?

Gradually increase contributions	35%
End contribution holidays	16%
Combine plans for greater scale	11%
End early retirement	8%
Reduce additional benefits/core benefit only	6%
Gradually increase retirement age	6%
More time to pay off deficits	2%
Freeze benefit improvements	1%
OTHER/DON'T KNOW	14%

When given the choice between reduced benefits or an end to early retirement as a way of fixing a plan, the majority choose ending early retirement (51%) to a third who opt for reduced benefits (39%).

If you were faced with the choice in a pension plan of seeing benefits reduced slightly or having early retirement eliminated, which would you have preferred?

End early retirement	51%
Reduce benefits	39%
OTHER/DON'T KNOW	10%

Members are much more in favour of increased contributions as a way of fixing plans (80%) when compared with reduced benefits (14%).

If you were faced with the choice in a pension plan of seeing benefits reduced slightly or paying higher contributions, which would you have preferred?

Higher contributions	80%
Reduce benefits	14%
OTHER/DON'T KNOW	6%

Two thirds of members would settle for higher contributions as a way of guaranteeing a DB payout (65%), followed by less than a fifth who would end early retirement (15%). Very few would want to give up cost-of-living increases, interestingly (2%).

If you had a DB plan, where the payout was guaranteed, what would be the easiest trade-off you could make to ensure that payout was not reduced?

Higher contributions while working	65%
No early retirement	15%
Delay retirement 2 years	9%
No additional benefits (death, medical, etc)	5%
No cost-of-living adjustment	2%
OTHER/DON'T KNOW	4%

There is universal agreement it is important to guarantee the benefits of those enrolled in DB plan (96%), and two thirds take the strongest position (extremely important - 65%).

How important is it that retirees who have been promised DB plan benefits and have contributed to those benefits see those benefits continue to be paid without reductions?

IMPORTANT	96%
Extremely important	65%
Very important	20%
Important	11%
NOT IMPORTANT	3%
Not very important	2%
Not at all important	1%
DON'T KNOW	1%

The majority agree the best fix for an underfunded DB plan is to increase contributions for future retirees (59%), followed by far fewer who say benefits for future retirees should be reduced (12%). Few think current retirees should suffer (9%).

Which do you think is the fairest solution to a DB pension plan that is underfunded?

Increase contributions for future retirees	59%
Reduce benefits for future retirees only	12%
Reduce benefits for current and future retirees	9%
No supplementary benefits (spouse, COLA, medical)	9%
OTHER/DON'T KNOW	12%

One third think sustaining existing DB plans is the best course for the future (34%), followed by fewer who, somewhat unrealistically, suggest DB plans should be expanded (19%). The more realistic option of allowing DB plans to expire is espoused by just fewer (14%).

What do you think is the most appropriate future for the Canadian pension plan

Sustain current DB plans	34%
Expand DB plans/apply model to other plans	19%
Allow DB plans to run out/replace with DC	14%
Combine existing DB plans	8%
Maintain status quo	6%
OTHER/DON'T KNOW	19%

Three quarters agree the economic benefits of DB plans outweigh their disadvantages (although these were not described - 78%).

DB plans form a significant part of the economy, employ thousands of Canadians, invest in Canada, generate significant tax revenues and their members rely less on OAS/GIS. Do you agree or disagree that the benefits of DB plans outweigh any disadvantages they have?

AGREE	78%
Agree strongly	36%
Agree	42%
DISAGREE	10%
Disagree	7%
Disagree strongly	3%
DON'T KNOW	13%

On average, members think DB plans derive about 60% of their payouts from investment income, not capital (but the majority don't have an opinion - 53%).

DB plans invest member contributions and use the income to pay benefits. As far as you know, what percentage of a DB plan's payout comes from investment income?

AVERAGE PERCENTAGE	60%
DON'T KNOW	53%

One quarter say the fact 80% of payouts are from investment income indicates sound management (24%), while just fewer think it signals too much exposure (17%). Professional management (15%) and the virtue of spending income over capital are also mentioned (14%). Some see this as gambling with pensioners' money (10%).

In fact, most DB plans derive 80% of their payout from investment income, not contributions. What does this say about how most DB plans are managed?

Sound financial management	24%
Too much risk exposure	17%
Professional management	15%
Good to pay income/not capital	14%
Gambling with pensioners' money	10%
Can invest with high returns	6%
Larger fund better	4%
Fund too large/unstable	1%
OTHER/DON'T KNOW	11%

The main reasons seen for employers' groups to oppose CPP expansion are seen to be the fact that employers see contributions as a tax, not deferred income (23%), followed by those who see an ideological bias against pensions and other social supports (19%). Just fewer claim it is because they only represent employers (16%) or because they see no obligation to care for their employees (14%).

Some employers' groups oppose enhancing CPP, and also propose to convert all public sector DB plans to DC plans. Why do you think they take this position?

See contributions as tax, not benefit	23%
Ideological bias against social supports/pensions	19%
They represent employers only	16%
See no obligation to care for employees	14%
Genuine concern for economy	5%
Genuine concern for members	4%
Creating pension envy against public servants	2%
OTHER/DON'T KNOW	17%

The majority say they will not vote for a politician who supports converting public sector DB plans to DC plans, even if he or she represents their customary party (54%). Three-in-ten claim this would not change their customary vote (31%).

Would you deny your vote to a politician or party that campaigned on converting public sector DB plans to DC plans, even if they were the politician or party you usually vote for?

Yes, would deny my vote	54%
No, would vote the way I always do	31%
Would stay home/not vote	1%
OTHER/DON'T KNOW	15%

Electoral Preference

Since the surge in Liberal popularity noted two month ago, when they peaked at 49%, the Conservatives and the Liberals converged again (Liberals 39%, Conservatives 36%), with the Liberals still in the lead. The NDP, on the other hand, have relinquished second place, and are now the third party at 20%.

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More than 2500 CARP Poll™ panel members responded to this poll between November 15 and 18, 2013. The margin of error for a probability sample this size is about plus or minus 2%, 19 times out of 20