

PENSIONS: SHOW ME THE MONEY

Nik Nanos



In his latest exclusive poll for *Policy Options*, Nik Nanos found that while Canadians didn't rank pensions anywhere near the top of their current priorities, they are deeply concerned about the viability of both public and private pension plans in the future. Many Canadians believe the CPP/QPP as well as private plans will have to reduce payouts going forward. And there is a significant demographic divide between older Canadians, who are confident in the system, and younger Canadians, who aren't.

Selon le dernier sondage Nanos réalisé en exclusivité pour *Options politiques*, les Canadiens sont loin de classer les pensions en tête de leurs priorités immédiates, mais ils s'inquiètent tout de même sérieusement de la viabilité des régimes de retraite aussi bien publics que privés. Ils sont ainsi nombreux à penser que les prestations du Régime de pensions du Canada et de la Régie de rentes du Québec, tout comme celles des régimes privés, sont appelées à diminuer. Une opinion qui varie toutefois clairement selon les groupes démographiques, les Canadiens âgés faisant encore confiance au système, les plus jeunes se montrant beaucoup plus sceptiques.

Canadians don't rank pensions very high on their list of today's public policy priorities, but at the same time they are deeply concerned about the viability of both public and private pensions in the future. There is a huge demographic divide between older Canadians, who have confidence in the system, and younger Canadians, who don't. These are the principal findings of the latest Nanos Research poll conducted exclusively for *Policy Options*.

The poll was conducted by telephone from February 5 to 8, among 1,001 Canadians, with a margin of error of 3.1 percent, 19 times out of 20.

For the moment, Canadians are more concerned about the economy, debt reduction and even tax relief than they are about their public and private pensions. However, the dark cloud on the horizon is their worry whether the money is going to be there when they need it. The anxiety of Canadians on pensions churns below the water line, and it runs deep.

In our poll, 38.4 percent of respondents named job creation as their first priority, 21.1 percent selected debt reduction, 15.5 percent chose tax relief, while only 12.5 percent cited strengthening pensions (table 1).

Asked to name their second priority, Canadians again chose job creation, debt reduction, tax relief and pensions in the same order as their first priority (table 2).

When asked about their level of confidence that the Canada-Quebec Pension Plan (CPP/QPP), as well as company pension plans, will be there for them when they need them, Canadians were concerned.

While more than half of Canadians are confident the CPP/QPP will be able to deliver promised payments to pensioners going forward, four Canadians in ten were less confident or not at all confident (table 3).

Canadians were nearly evenly divided about the viability of private pension funds delivering for them in the future. Altogether, 49.4 percent are confident or somewhat confident that private pensions will be viable in the future, while 46.5 percent were somewhat not confident or not confident (table 4).

There's a very high level of concern that both public and private pension plans will have to reduce payments to pensioners in the future in order to remain solvent.

When we asked Canadians whether the CPP/QPP would have to reduce payments in the future, nearly two Canadians in three, 62.9 percent, said this was likely or somewhat likely, against only one Canadian in three, 33.9 percent, who thought this was unlikely or somewhat unlikely (table 5).

When we asked the same question about private pension plans having to reduce payments to pensioners, the level of those who thought it was likely or somewhat likely rose even higher, to 69.6 percent, while only 25.4 percent thought it was unlikely or somewhat unlikely (table 6).

In other words, seven Canadians out of ten believe the viability of private pension plans is at risk, while only one Canadian in four is confident of their liquidity levels in the future.

In terms of confidence about the liquidity of both public and private pensions, lack of confidence leads confidence by a 2-1 margin. That's hugely problematic.

When we drilled down in the demographics, we found a striking lack of confidence about the future of pension funds by respondents in the 30-39 and 40-49 age groups. There's a

future, 75.8 percent of respondents in the 30-39 age group thought this was likely or somewhat likely, while only 41.9 percent of respondents 60 or over thought so.

Seven Canadians out of ten believe the viability of private pension plans is at risk, while only one Canadian in four is confident of their liquidity levels in the future.

much higher level of confidence in the 60-plus age group, a demographic segment that is soon to retire or already retired and receiving the CPP/QPP, not to mention those who receive private pensions.

For example, only 48.4 percent of Canadians in the 30-39 age group are confident or somewhat confident, while 69.6 percent of Canadians over 60 were confident or somewhat confident, about the CPP/QPP delivering for them.

Asked whether the CPP/QPP would have to reduce payments in the

future, 75.8 percent of respondents in the 30-39 demographic segment, 75.8 percent thought so, while among the 60-plus group, the number of those who agreed rose to 60.8 percent.

Again, asked whether private pensions would have to reduce payouts in the future, the identical numbers of respondents in the 30-39 demographic segment, 75.8 percent thought so, while among the 60-plus group, the number of those who agreed rose to 60.8 percent. A great demographic divide exists between younger Canadians and those who are nearing retirement or already there. Younger Canadians clearly lack confidence in the viability of public and private pensions in the future, while older Canadians, who

are already receiving or about to receive their pensions are much more confident. In a sense, when you say "show me the money," they are already receiving it, while younger Canadians strongly doubt they'll see it.

As the baby boomers, the largest cohort in history, near retirement, they are going to make a huge draw down on the CPP/QPP. They are also going to live longer than previous generations.

Combine an aging population with growing pension demands, and one can see that the viability of public and private pensions is tomorrow's next big public policy issue. The conversation needs to begin today.

Pollster Nik Nanos is the president of Nanos Research and a research associate professor at the State University of New York in Buffalo.

QUESTION 1. PLEASE RANK YOUR FIRST PRIORITY FROM THE FOLLOWING LIST

		Total N	Job creation %	Tax relief %	Strengthening pensions %	Investing in training %	Reducing the debt %	Unsure %
Region	Canada	1,001	38.4	15.5	12.5	11.4	21.1	1.2
	Atlantic	92	35.9	13.4	19.7	8.3	21.9	0.8
	Quebec	261	37.9	15.3	9.6	13.9	23.3	0.0
	Ontario	305	41.6	19.4	10.5	9.7	16.4	2.5
	Prairies	196	35.3	14.2	13.0	11.7	24.9	0.9
	British Columbia	147	38.2	11.1	16.4	12.1	21.2	1.0
Gender	Male	494	34.8	17.0	10.7	12.9	23.8	0.9
	Female	507	41.8	14.1	14.2	10.0	18.4	1.5
Age	18 to 29	197	42.4	16.2	6.1	12.1	21.2	2.0
	30 to 39	191	39.9	14.4	7.8	14.4	22.9	0.7
	40 to 49	214	40.9	20.2	8.7	7.7	21.6	1.0
	50 to 59	171	37.3	15.2	13.9	12.7	20.1	0.8
	60 plus	228	32.1	11.8	24.3	10.8	19.6	1.4
Home	Own	728	37.1	16.8	12.8	11.3	21.4	0.7
	Rent	246	42.3	13.4	10.3	11.7	20.0	2.4
	Refused	27	37.6	0.0	23.7	12.4	22.5	3.8
Vote profile	Liberal	268	45.8	11.7	14.9	10.3	17.1	0.3
	Conservative	260	29.4	23.1	11.3	8.5	26.0	1.6
	NDP	164	43.2	10.1	12.3	15.3	17.4	1.7
	Bloc	81	40.1	14.7	9.4	14.2	21.6	0.0
	Green	74	35.1	15.3	9.4	20.0	19.2	0.9
	Undecided	154	36.0	15.8	13.4	8.5	24.1	2.3

QUESTION 2. PLEASE RANK YOUR SECOND PRIORITY FROM THE FOLLOWING LIST

		Total N	Job creation %	Tax relief %	Strengthening pensions %	Investing in training %	Reducing the debt %	Unsure %
Region	Canada	989	29.7	17.6	13.4	15.7	21.7	1.9
	Atlantic	91	31.1	22.3	16.7	11.2	15.2	3.4
	Quebec	261	37.5	16.2	7.1	20.0	18.8	0.5
	Ontario	297	27.2	14.9	17.0	14.8	25.0	1.1
	Prairies	194	29.2	18.4	15.3	14.1	19.6	3.3
	British Columbia	146	20.9	21.7	12.5	14.6	27.0	3.2
Gender	Male	490	30.1	16.3	12.6	14.4	25.1	1.5
	Female	500	29.4	18.9	14.1	17.0	18.4	2.2
Age	18 to 29	193	29.9	15.5	10.3	17.5	26.8	0.0
	30 to 39	190	35.5	19.1	9.9	11.8	21.7	2.0
	40 to 49	212	26.2	20.4	14.6	14.6	21.8	2.4
	50 to 59	169	30.2	16.1	16.9	16.1	19.0	1.7
	60 plus	225	27.7	16.8	15.1	18.2	19.2	3.1
	Home	Own	723	31.2	18.3	13.0	14.9	20.9
Rent		240	27.3	16.1	15.0	18.2	21.9	1.4
Refused		26	13.2	12.2	7.6	15.8	41.0	10.3
Vote profile	Liberal	268	25.8	18.6	13.2	18.7	22.1	1.5
	Conservative	256	28.9	23.2	12.5	8.5	25.0	2.0
	NDP	161	25.3	11.5	21.0	16.3	21.9	4.1
	Bloc	81	38.2	7.1	5.1	26.6	23.1	0.0
	Green	73	42.2	17.4	8.5	16.7	13.2	2.0
	Undecided	151	32.3	18.8	13.8	15.7	18.4	1.0

QUESTION 3. THE CANADA PENSION PLAN/QUEBEC PENSION PLAN WILL BE ABLE TO DELIVER ON PROMISED PAYMENTS TO PENSIONERS IN THE FUTURE

		Total N	Confident %	Somewhat confident %	Somewhat not confident %	Not confident %	Unsure %
Region	Canada	1,001	25.3	30.6	14.9	25.8	3.4
	Atlantic	92	32.9	30.9	4.6	29.3	2.4
	Quebec	261	24.1	29.3	31.5	13.8	1.3
	Ontario	305	26.7	32.3	7.7	28.8	4.6
	Prairies	196	24.6	32.7	11.6	27.4	3.7
	British Columbia	147	20.4	26.5	11.4	36.6	5.1
Gender	Male	494	30.0	28.9	14.7	22.4	3.9
	Female	507	20.6	32.2	15.1	29.1	3.0
Age	18 to 29	197	17.2	36.4	13.1	28.3	5.1
	30 to 39	191	19.0	29.4	17.6	30.7	3.3
	40 to 49	214	21.6	27.9	17.3	31.3	1.9
	50 to 59	171	25.8	30.7	17.2	23.4	2.9
	60 plus	228	40.5	29.1	10.1	16.2	4.1
	Home	Own	728	25.2	30.8	14.1	26.7
Rent		246	25.5	30.5	16.5	23.7	3.8
Refused		27	23.6	26.3	22.6	21.0	6.6
Vote profile	Liberal	268	30.2	31.6	15.0	18.3	4.8
	Conservative	260	29.7	29.6	10.2	26.9	3.6
	NDP	164	20.6	33.0	15.5	29.1	1.8
	Bloc	81	19.0	32.6	36.0	9.9	2.5
	Green	74	14.8	28.1	16.8	35.5	4.7
	Undecided	154	22.5	28.0	10.0	37.1	2.4

QUESTION 4. COMPANY PENSION PLANS WILL BE ABLE TO DELIVER ON PROMISED PAYMENTS TO PENSIONERS IN THE FUTURE

		Total N	Confident %	Somewhat confident %	Somewhat not confident %	Not confident %	Unsure %
Region	Canada	1,001	19.7	29.7	18.1	28.4	4.0
	Atlantic	92	17.7	35.7	6.1	36.1	4.3
	Quebec	261	24.0	29.1	32.8	12.1	2.0
	Ontario	305	20.0	29.9	10.8	35.1	4.2
	Prairies	196	19.2	31.3	16.9	28.5	4.1
	British Columbia	147	13.5	24.7	16.2	38.7	6.9
Gender	Male	494	20.6	28.5	19.0	27.2	4.7
	Female	507	18.8	31.0	17.3	29.6	3.4
Age	18 to 29	197	19.2	37.4	16.2	24.2	3.0
	30 to 39	191	15.0	30.1	19.0	32.0	3.9
	40 to 49	214	22.6	29.3	19.7	24.5	3.8
	50 to 59	171	14.8	28.3	21.3	31.6	4.1
	60 plus	228	25.0	24.3	15.2	30.4	5.1
Home	Own	728	18.3	29.1	18.1	30.2	4.3
	Rent	246	24.3	31.2	19.3	23.0	2.2
	Refused	27	15.0	33.9	7.4	32.0	11.7
Vote profile	Liberal	268	21.6	29.1	18.2	27.2	3.9
	Conservative	260	19.8	31.8	14.8	28.5	5.0
	NDP	164	8.9	35.7	15.6	35.8	4.0
	Bloc	81	21.5	36.7	33.8	5.9	2.1
	Green	74	18.0	26.7	15.2	37.2	2.9
	Undecided	154	27.5	18.7	19.4	30.2	4.1

QUESTION 5. THE CANADA PENSION PLAN/QUEBEC PENSION PLAN WILL HAVE TO REDUCE PROMISED PAYMENTS TO PENSIONERS IN THE FUTURE

		Total N	Likely %	Somewhat likely %	Somewhat unlikely %	Unlikely %	Unsure %
Region	Canada	1,001	38.7	24.2	14.8	19.1	3.2
	Atlantic	92	33.0	25.7	9.5	28.5	3.2
	Quebec	261	41.6	19.4	28.1	8.6	2.4
	Ontario	305	42.4	24.6	8.8	20.9	3.2
	Prairies	196	30.7	26.4	13.2	25.6	4.1
	British Columbia	147	39.8	27.8	9.2	19.7	3.5
Gender	Male	494	38.5	23.0	16.3	20.1	2.2
	Female	507	38.9	25.3	13.4	18.2	4.2
Age	18 to 29	197	38.4	28.3	17.2	12.1	4.0
	30 to 39	191	50.3	25.5	10.5	10.5	3.3
	40 to 49	214	45.2	26.9	11.1	13.9	2.9
	50 to 59	171	36.5	23.8	14.3	23.0	2.5
	60 plus	228	24.7	17.2	20.3	34.5	3.4
Home	Own	728	39.0	23.3	12.9	21.7	3.1
	Rent	246	38.8	25.4	20.8	12.1	2.9
	Refused	27	28.3	35.4	12.9	15.1	8.3
Vote profile	Liberal	268	32.8	26.7	16.3	22.2	2.0
	Conservative	260	37.6	19.4	15.0	23.6	4.4
	NDP	164	36.8	34.1	8.2	16.4	4.5
	Bloc	81	39.9	21.4	28.3	7.1	3.3
	Green	74	50.8	20.9	12.6	14.6	1.0
	Undecided	154	46.2	20.4	12.8	17.6	3.0

QUESTION 6. COMPANY-SUPPORTED PENSION PLANS WILL HAVE TO REDUCE PROMISED PAYMENTS TO PENSIONERS IN THE FUTURE

		Total N	Likely %	Somewhat likely %	Somewhat unlikely %	Unlikely %	Unsure %
Region	Canada	1,001	40.9	28.7	12.6	12.8	5.0
	Atlantic	92	37.8	30.5	11.2	14.9	5.7
	Quebec	261	45.8	18.7	25.1	7.3	3.0
	Ontario	305	41.2	33.1	6.1	12.9	6.7
	Prairies	196	31.1	32.0	12.9	19.1	4.8
	British Columbia	147	46.4	31.9	4.1	12.8	4.8
Gender	Male	494	40.6	29.6	12.2	13.7	3.9
	Female	507	41.1	27.9	12.9	12.0	6.0
Age	18 to 29	197	43.4	31.3	10.1	12.1	3.0
	30 to 39	191	45.1	30.7	11.8	7.8	4.6
	40 to 49	214	40.4	27.9	13.5	12.0	6.3
	50 to 59	171	40.6	29.5	13.1	13.9	2.9
	60 plus	228	35.8	25.0	14.2	17.6	7.4
Home	Own	728	41.7	27.7	12.7	13.1	4.8
	Rent	246	39.3	31.1	12.6	11.2	5.8
	Refused	27	31.8	33.8	10.1	20.6	3.8
Vote profile	Liberal	268	38.4	33.4	12.7	11.1	4.4
	Conservative	260	40.2	27.6	10.7	16.1	5.4
	NDP	164	39.1	35.7	8.2	11.3	5.7
	Bloc	81	45.5	19.2	28.0	4.0	3.3
	Green	74	53.5	21.1	10.4	11.5	3.5
	Undecided	154	39.7	23.8	13.2	17.1	6.2



POLICY
OPTIONS
POLITIQUES

POLICY OPTIONS SUBSCRIPTION ORDER FORM

SUBSCRIBE
ON-LINE
www.irpp.org

1470 Peel Street
Bureau 200
Montreal, Quebec
Canada H3A 1T1

New Renewal (please include subscriber # _____)

1 year

2 years

- \$49.98 (GST included)
- \$53.73 (Quebec taxes incl.)
- \$67.60 (US)
- \$87.60 (Other countries)

- 87.46\$ (GST included)
- 94.02\$ (Quebec taxes incl.)
- 123.30\$ (US)
- 163.30\$ (Other countries)

PAYABLE IN CANADIAN FUNDS ONLY

Name _____
 Company _____
 Address _____
 City _____ Province _____
 Postal code _____ Telephone _____

Payment enclosed VISA MasterCard Amex
 Card no. _____
 Card expiry date _____
 Signature _____