



ONN Pensions Task Force – Nonprofit Sector Survey, July 2016 Survey Highlights

INTRODUCTION

As you may have read in our [recent blog post](#), the Ontario Nonprofit Network's Pensions Task Force will be making recommendations regarding a potential pension plan for the nonprofit sector. The goal is to help improve income security for our sector's valued workers and to contribute to nonprofits' ability to recruit and retain great staff.

The Task Force directed ONN to conduct a survey to seek nonprofit sector input regarding their pension needs. The survey was conducted over two weeks in June 2016 and we were happy to receive 375 responses.

This report provides highlights from the survey to inform our network on what we heard.

Note that the Canada Pension Plan (CPP) enhancement announcement and cancellation of the Ontario Retirement Pension Plan (ORPP) occurred part way through the survey.

HIGHLIGHTS

Basic demographic and organization information

- Responses reflected good diversity in terms of organization size and geography.
- The majority of respondents was female (80%); salaried and older workers were over-represented. The median salary/wages reported were likely higher than would be representative of the sector. Fifteen percent were part of a unionized workplace.
- Board members and part-time/precarious workers were under-represented so ONN will conduct focus groups to hear more from these groups.

Existing plans

- Survey respondents reported having the following workplace arrangements:
 - 39% have a Group RRSP.
 - 6% have a workplace pension plan.
 - 51% of respondents have no plan or workplace-based (Group) RRSP.

Inadequacy of public pension plans

- We told survey participants that a typical worker earning \$55,000 (the average for Canada) would, after 40 years, retire with a pension of between \$20,000 and

\$27,000 (in 2016 dollars), taking into account CPP/ORPP and Old Age Security. We asked whether this was an adequate retirement income. The vast majority of respondents said no, this was not adequate. *[Note: The enhanced CPP will provide 33% of earnings (up to a threshold of \$62,600 in 2016 dollars) as a retirement benefit – as compared to the 40% that the combined CPP + ORPP would have provided (up to a threshold). This level will not be reached by today's workers, but only by the generation that will have worked for 40 years at the new contribution rate, which takes full effect in 2026 – in other words, today's teenagers.]*

- 58% of respondents reported that they would be willing to make increased contributions (over and above statutory contributions) to get a better retirement income.

Appetite for a sector-wide plan

- We asked survey participants to indicate the degree to which they were interested in several contribution options. Participants could express interest in more than one contribution rate.
- The greatest level of interest (“somewhat interested” or “very interested”) was expressed for a flexible plan that starts small and builds over time (82%).
- Combined “somewhat interested” and “very interested scores” were as follows:
 - Small plan (contributions of 1% + 1% each by employer and employee): 62%
 - Moderate plan (3 – 5% each): 69%
 - Significant plan (6 – 8% each): 55%
 - None of the above: 6% (primarily because respondents prefer RRSPs or else they thought that their organization could not afford a plan)
- In terms of targeting the interests of particular groups, respondents show the greatest level of concern for older workers nearing retirement, and the least concern for keeping workers in the sector who might be lured away by better pensions in the public/private sectors. A majority were also concerned with younger workers, parents who take time out of the workforce when they have young children, workers who take time out for illness/disability, and the self-employed.

Engagement and open-ended feedback

- Almost one-third offered their contact information for focus groups, indicating a high level of engagement.
- More than 100 people provided additional comments.¹
- **Twenty-eight people wrote to say thank you, “it’s about time,” and/or emphasize how important this initiative was for our sector.**

¹ Survey responses pertaining to the ORPP and its impact are not included in this summary as the plan to introduce the ORPP will not proceed in light of the federal-provincial agreement to enhance the CPP.

Next year marks my 40th year working in the not for profit sector. I am 57 and have no pension. For most of my years there were not RRSP contributions, or private pension plans. Because the wages were relatively low there was no opportunity to save. As a single mother with 2 kids I often worked 2 jobs just to make ends meet. I have had a wonderful career; however as retirement looms I am very concerned for myself and those like me. It seems so unfortunate that those of us who have dedicated our lives to helping others in need will have insufficient income with which to retire.

This would be a definite benefit (and a good role for ONN to undertake) especially if it was consistently available throughout the nonprofit sector. It would help create a level playing field [with other sectors] when hiring. Also it contributes to equity in society. Young people with education debts should not disregard working in the nonprofit sector just because they do not want to retire poor.

- **Eleven people expressed concerns about what a pension plan would cost for workers and nonprofit employers. Some of them emphasized the importance of talking to funders (including government) about pensions and benefits.**

I would love to pay more and have a better pension plan, but I don't feel that I currently make enough to be able to afford putting much of my income into it. This connects to the low wages that can be found throughout much of the nonprofit sector.

From a management standpoint, adding more costs to the business will take away from the services we are here to provide...the money has to come from somewhere.

- **Eight people said they would rather have RRSPs (or other private investments) so they could manage their own investments and avoid the risks associated with a group plan.**

It's my money from my hard work. Nobody should be able to touch it and in these circumstances I prefer to put my savings in my RESP or a private investment. This way I know exactly what I'll get. No surprises.

- **Six people wrote to say that we should build on an existing multi-employer pension plan rather than try to create one from scratch.** [Note that the Pensions Task Force is taking this question seriously as it would reduce administrative costs and financial risk.]

Don't duplicate – partner and improve.

- **Six people wrote to express deep concern for their own retirement income security or that of the sector's workers:**

I have worked for 30 years in the sector and as I move to retirement, I will retire in poverty unless I have [subsidized] housing. I have spent years helping others and I am glad that I did. At the end of my career I will need help.

- **Five people pointed out the need for pensions education and impartial advice for boards of directors and sector workers.**

Certainly I feel grotesquely under-informed about retirement planning, and the most accessible information is provided by people who are trying to sell me things. Access to better advice would be handy.

- **Nine people offered comments on design details, including:**

- adequate contribution levels;
- defined-benefit (DB) versus defined-contribution (DC) plans;
- mandatory versus voluntary savings;
- the benefits of multi-employer pension plans, including plan portability when workers change jobs;
- the critical importance of keeping fees low; and
- the need to fit the diversity and income profile of the sector

[Note: the Task Force debated including survey questions on these issues, but decided to keep it simple. We will follow up with more technical questions in focus groups.]

- **Four people emphasized the importance of making the plan work for older workers, people who have worked outside Canada, and precarious workers.**
- **Three pointed out the need to take into account national/international nonprofits with employees in Ontario and elsewhere.**
- **Three wrote to say that they wanted the proposed plan to engage in socially- and environmentally-responsible investing.**

The ONN Task Force will take these findings into account as it develops recommendations for a sector-wide plan. Our next steps include focus groups with board members, management, and part-time/precarious workers, as well as information-gathering meetings with existing pension plans and labour unions active in the nonprofit sector. Stay tuned for more updates!