Benefits CANADA

Webinar: 2020 CAP Member Survey: Retirement savings, financial well-being in the era of coronavirus

Jennifer Paterson | May 7, 2020

Alongside a struggling global economy, Canadian capital accumulation plan sponsors and members are facing unprecedented challenges. This year, *Benefits Canada*'s annual CAP Member Survey fielded its questions between March 30 and April 1, reaching respondents as they were in the midst of coming to grips with the effects of the global coronavirus pandemic.

As in previous years, the survey asked CAP members about their retirement readiness, but it also asked about their investment strategies and their overall financial well-being during these tumultuous times. In many cases, *Benefits Canada* compared the 2020 results with the 2009 CAP Member Survey results, which were fielded following the global financial crisis.

Watch the 2020 CAP Member Survey webinar on-demand here.

This year, the survey found Canadians are continuing to juggle their financial priorities. More than half (54 per cent) of CAP members are prioritizing day-to-day expenses, followed by paying the mortgage or rent (47 per cent), paying off personal debt (38 per cent), enhancing personal savings (34 per cent) and saving for retirement (28 per cent).

And where CAP members felt they were having trouble managing their debt and had debt counselling available free of charge through their employee assistance plan, 66 per cent of respondents said they'd be likely to access these services.

"EAPs are an important component of a total well-being strategy," said Michelle Loder, partner in defined contribution solutions at Morneau Shepell Ltd., during the webinar. "But the strongest EAPs are equipped to not just help deal with the stress of finances — which is a critically important component as well with COVID-19 — but they also provide actual financial consultation. And often that's not understood, but could be of important value to members who are asking for advice in how to navigate these types of events."

Read: Employer responsibilities around benefits, pension provision during coronavirus

Taking everything into consideration, including income, investments and debt, 41 per cent of this year's survey respondents described their current personal financial situation as excellent or very good, compared to 40 per cent who said it was adequate and 19 per cent who said it's somewhat poor or very poor. However, 60 per cent said they're unable to save as much as they'd like for retirement due to other financial debts, such as credit cards or student loans.

"I think the big thing we need to start to get across to workers, savers, Canadians . . . is that having too much credit card debt is the opposite side of insufficient retirement savings," said Joe Nunes, executive chairman of Actuarial Solutions Inc., during the webinar. "It comes from too much spending. We have to get better at educating people that they need to keep the spending in check to get the savings in order."

To ensure employees can prioritize retirement savings, the University of British Columbia has taken a very paternalistic approach to its pension provision, said Orla Cousineau, the university's director of pensions, during the webinar. Its faculty plan is compulsory, with new hires automatically enrolled with a five per cent employee contribution and a 10 per cent employer contribution. "We've taken away the choice from members and they don't miss it, because that deduction comes off their first paycheque, so they've never seen the money in their pockets."

Watch the full webinar on-demand here. And for more survey results and discussion of the findings, stay tuned for full coverage coming up in *Benefits Canada*'s June issue.