

HUMAN RESOURCES

New Facts on Pension Coverage in Canada

Statistics Canada – Registered pension plans (RPPs) are fundamental components of employees' compensation packages and key elements of retirement planning for many Canadians. While the downtrend in registered pension plans is well known, details about the magnitude of the changes, demographics and socioeconomic aspects of retirement plans are not well known.

A recent study by Statistics Canada helps fill this void. It found that between 1977 and 2011, the proportion of employees covered by RPPs declined from 52% to 37% for men and increased from 36% to 40% for women.

The decline for males is mostly attributable to a drop in defined benefit (DB) coverage. Nearly 50% of male employees were covered by DB plans back in 1977, but more recently this proportion is down to 25%. The share of employees covered by defined contribution (DC) plans or hybrid plans has increased by about 10 percentage points. The increase in pension plan coverage for women over the same period was due to a steady increase in

DC and hybrid plans offset somewhat by a slight decline in DB plans.

Not surprisingly, coverage across industries varies significantly. In public administration, 80% of men and women have DB plans and another 5% have DC/hybrid plans. At the other end of the spectrum, just 15% of men and 9% of women are covered by a RPP in the Accommodation and Food Services sector and in Wholesale and Retail Trade the proportions are 22% of men and 16% of women.

Company size is also a major determinant of RPP coverage. In the private sector (i.e. excluding health, education and public administration) in companies with more than 1,000 employees 62% of men and 68% of women are covered by RPPs. Interestingly, these proportions are divided roughly evenly between DB plans and DC plans.

Only 16% of men and 10% of women working in small firms (1 to 10 employees) in the private sector are covered by RPPs.