



Small Business Owners Discuss Pensions

Report on a poll conducted March 4-16, 2010

For the
**Ontario Federation of Labour
Canadian Labour Congress**

Hiring conditions better for 38% of small firms

Probably thanks to high unemployment, nearly four in 10 small business owners in Ontario say in terms of hiring and retaining employees their business is better off today than five years ago.

According to the Vector Poll™ conducted in March for the Ontario Federation of Labour and the Canadian Labour Congress, owners of small businesses with 20 to 49 employees are more likely than owners of smaller firms to feel their business is better off now in terms of filling vacant positions and retaining the employees the business needs. (The survey sampled only businesses with at least two but under 50 employees.)

Q2 *To begin, we are interested in how businesses in this area may have changed over the past five years. In terms of your ability to fill positions and attract and retain the employees you need, would you say that your business is better off or worse off now, than it was five years ago?*

| | All small businesses | 20-49 employees |
|----------------------------|---------------------------------|----------------------------|
| Better off now | 38% | 50% |
| Worse off now | 29% | 11% |
| The same/no change | 27% | 39% |
| No opinion/not sure | 6% | 0% |

Few owners are ‘very confident’ about retirement security

Most Ontario small business owners are confident about their employees’ retirement security and their own. However, while 63% are at least somewhat confident, only 19% are “very” confident about their retirement “given all that’s happened in the last two years with the stock markets and the economy.”

No matter their age, owners of small businesses think the same way about their retirement security and their employees’ security in retirement.

One in three, according to the OFL-CLC survey, is not confident about retirement security because of turmoil in the stock markets and the economy in the last two years.

Q3 *Given all that's happened in the last two years with the stock markets and the economy, how confident is you about your retirement security and the retirement security of your employees?*

| | Age | | |
|---------------------|-------|-------|-----|
| | Total | 18-34 | 55+ |
| Very confident | 19% | 20% | 20% |
| Somewhat confident | 44% | 43% | 43% |
| Not confident | 30% | 28% | 29% |
| Not sure/no opinion | 7% | 8% | 9% |

Men who own small businesses are more confident than female owners about their retirement and their employees’ retirement security. Only 14% of women are “very confident” compared with 21% of men.

68% of small business owners say good pensions are good for business

Seven in 10 owners of small businesses across the province agree that retirees with good pensions are good for their company's business.

In the March OFL-CLC poll with 300 owners of small businesses (with two to 49 employees), a third (35%) "strongly" agree that retirees with good pensions are good for business.

Owners of small businesses who provide pension plans for their employees are much more likely to agree with the proposition than owners who do not provide pension plans.

Among small business owners who say the Canadian Federation of Independent Business speaks for them, 73% agree (34% strongly, 39% somewhat) that retirees with good pensions are good for their firm's business.

Q4 *Please tell me if you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the following statement: Retirees with good pensions are good for your company's business.*

| | Age | | | |
|----------------------------|-------|-----------------|-------|-----|
| | Total | 20-49 employees | 35-54 | 55+ |
| Strongly agree | 35% | 44% | 36% | 36% |
| Somewhat agree | 33% | 29% | 34% | 31% |
| Somewhat disagree | 10% | 0% | 8% | 12% |
| Strongly disagree | 9% | 11% | 9% | 7% |
| Not sure/no opinion | 13% | 16% | 13% | 14% |

Six in 10 agree: CPP keeps small business competitive

Some 62% of Ontario small business owners agree that the Canada Pension Plan gives them a competitive advantage “given the difficulties and costs involved for small businesses in administering their own pension plans.”

In the new Vector Poll™ for the OFL and CLC with 300 owners of Ontario small businesses, just 28% disagree that “a public pension system like the Canada Pension Plan helps keep small businesses competitive” given the costs of running their own plans.

Owners who say they provide a pension plan for their employees are just as inclined to agree that it’s true: a public pension system like the CPP keeps small businesses competitive. CFIB supporters are somewhat more likely to agree (69%). Later this report will discuss how small business people view the CFIB.

- Q5 *Next, please answer true or false to the following statement.
Given the difficulties and costs involved for small businesses in administering their own pension plans, a public pension system like the Canada Pension Plan helps keep small businesses competitive.*

| | Total | With company plan | CFIB supporters |
|-------------------|--------------|------------------------------|----------------------------|
| True | 62% | 62% | 69% |
| False | 28% | 26% | 24% |
| No opinion | 10% | 12% | 7% |

Half of small business owners favour CPP premium hikes

A 48% plurality of small business owners in the province favour gradually increasing employer and employee Canada Pension Plan premiums to double benefits for future retirees. Just counting owners who express an opinion, a 52% majority favour hiking CPP premiums to double future retirees' benefits.

A 51% majority of owners who say the Canadian Federation of Independent Business speaks for them and represents their views support raising monthly CPP premiums from the current 5% of salary to about 8% over seven years to double benefits.

Q6 *One way of doubling Canada Pension Plan benefits for future retirees is to gradually increase the amount that employers and employees pay each month into the CPP from the current level, which is about 5% of salary, to about 8% over seven years. Do you favour or oppose this proposal?*

| | Total | | CFIB supporters | |
|---------------------|-------|-----------------|-----------------|-----------------|
| | | With an opinion | Total | With an opinion |
| Favour | 48% | 52% | 51% | 54% |
| Oppose | 44% | 48% | 44% | 46% |
| Not sure/no opinion | 8% | | 5% | |

Ontario small business owners are a lot like the rest of the population in their views on CPP premium increases to protect future retirees.

In a September 2009 Vector Poll™ for the Canadian Labour Congress 55% across Ontario supported phasing in increased employer and employee premiums to pay for doubling the

benefits retirees receive. In a January 2010 CLC-Vector Poll™, 46% in Ontario said doubling the CPP benefits that retirees receive, so no senior lives in poverty, is the most important change in public pension policy “as far as your own personal needs are concerned.”

- 34% said a national pension insurance system is most important.
- 20% said most important to them is increasing the Guaranteed Income Supplement to low-income seniors by up to an additional \$110 a month.

Small business owners count on RRSPs for retirement

Three quarters of small business owners in Ontario are confident they can count on their RRSP as a source of retirement income, and two thirds are confident they can count on other savings and investment income.

A slim majority are confident that the CPP and part-time jobs will be sources of retirement income, but only three in 10 say they expect to count on employer pension plans or inheritances.

Q7 I am going to read a list of different sources of retirement income. For each one, please tell me if you are confident you can count on it as a source of income during your retirement years. Are you confident or not confident you can count on ...?

| | Confident | Not confident |
|--|------------------|----------------------|
| A Registered Retirement Savings Plan | 73% | 24% |
| Income from savings and investments outside your RRSP | 66% | 30% |
| The Canada Pension Plan | 55% | 38% |
| Part-time jobs in retirement | 54% | 44% |
| A pension from your company or from jobs you had | 30% | 63% |
| Inheritance | 28% | 69% |

Not shown: no opinion

These findings mean that overall Ontario small business owners are as anxious about the CPP as other Canadians. For example, in a 2008 Ipsos Reid poll, 40% (outside Québec) agreed that “the CPP will be out of money by the time you retire.”

However, small business owners who are 55 and older are more confident than younger owners that they can count on the CPP. Women, however, are less confident in the CPP than men who own small firms.

Nevertheless, tens of thousands of small business owners in Ontario worry the CPP will not be there for them – just like other Canadians.

Last September for the CLC the Vector Poll™ asked a representative sample across the province what “concerns or worries you the most” about “having enough money to live on in retirement.” For 44% their biggest worry is that the CPP “and other assistance from the government such as Old Age Security will not be enough to cover your living expenses.”

People are much less inclined to worry that they will not have put away enough money (29%) or that their stocks or mutual funds “will not provide enough income for a comfortable retirement” (10%).

For the general public, anxiety over pensions and the CPP really kicks in when people pass age 50.

| Most important concern about having enough money in retirement is CPP and OAS will not be enough to cover living expenses | | | |
|--|--------------|--------------|------------|
| Age 18-24 | 25-34 | 35-54 | 55+ |
| 23% | 34% | 46% | 55% |

While three quarters of small business owners expect to count on RRSPs when they retire, they may be too optimistic.

In a 2009 Ipsos Reid national poll, employer pensions were the most frequently mentioned “largest source” of income Canadians expected when they retire (29%).

Another 25% said they expect their biggest source of retirement funds will be a public pension. Public pensions beat investment income (18%), part-time work (9%), home

equity (8%), investments (7%) and income from a spouse or partner who continues to work (3%).

In the same survey 22% of people who had not retired expected 22% of their retirement income will come from public pensions. But 35% of retirees said that the single largest source of their income does come from government pensions.

| Where will the money come from in your retirement? | | | |
|---|-----------------|-------------|---------|
| | Business owners | Not retired | Retired |
| Own or spouse's employer pension | 17% | 27% | 36% |
| Government programs (C/QPP, etc.) | 14% | 22% | 35% |
| Investment income | 28% | 20% | 13% |
| Part-time work | 8% | 11% | 3% |
| Home equity | 16% | 9% | 6% |
| Cashing in investments | 11% | 8% | 3% |

Some 28% of business owners in the CLC-OFL poll expect their investments will be important retirement income sources, but only 13% of retirees say investment income actually is their largest source of income.

As the chart on the following page shows, a 2009 Vector Poll™ for the CLC shows that Ontario small business owners and other people think alike when they consider the role of the CPP in their retirement.

Six in 10 owners and six in 10 people overall are confident they can count on the Canada Pension Plan. Small business owners, however, are more confident than the general public that they can count on RSPs, savings, investments and part-time work to provide their retirement incomes.

| | Small business owners | Ontario total population |
|---|--------------------------------------|---|
| A Registered Retirement Savings Plan | 73% | 55% |
| Income from savings and investments | 66% | 46% |
| The Canada Pension Plan | 55% | 57% |
| Part-time jobs in retirement | 54% | 43% |
| A pension from your company or jobs | 30% | 42% |
| Inheritance | 28% | 20% |

Who speaks for Ontario small business?

The Canadian Federation of Independent Business is the organization most small business owners say represents their views, out of six organizations tested in the OFL-CLC poll.

Of the six, the CFIB is tied with the Ontario Chamber of Commerce; 48% say the CFIB represents them while 48% say the Chamber of Commerce does.

Q8 Next, I'm going to read a list of groups and organizations. For each one, please tell me how well they speak for you or represent your views...very well, somewhat well, a little, or not at all. If you have not heard of a group or organization on the list, please say so.

| How well they represent small business owners' views | | |
|---|-------------------|-------------------------|
| | Very/ somewhat | A little/ not at all |
| The Canadian Federation of Independent Business | 48% | 30% |
| The Ontario Chamber of Commerce | 48% | 41% |
| The Board of Trade | 29% | 42% |
| The Ontario Progressive Conservative Party | 44% | 48% |
| The Liberal Party of Ontario | 44% | 49% |
| The Ontario NDP | 30% | 62% |

See pages 10-16 in the data tables for more details.

Small business owners who say the CFIB speaks for them are more enthusiastic about the CFIB than about the Chamber of Commerce. Some 42% of those who say the CFIB speaks for them say it represents them “very well.” In contrast, only 27% of CFIB supporters say the Chamber represents them very well.

The Ontario Chamber of Commerce is better known than the Federation of Independent Business. Just 11% of small business owners say they haven't heard of the chamber compared with 21% who haven't heard of the CFIB or don't know enough about it to say whether it speaks for them.

The CFIB is much better known among men who own small businesses than among women, and men are much more likely to feel it speaks for them (54% of male owners vs. 29% of female owners).

Although the CFIB says it speaks for small and "independent" business, thousands of Ontario small business owners do not say CFIB speaks for them. Some 30% say it represents them only "a little" or "not at all," and another 21% don't know enough about CFIB to say whether it's their voice (the equivalent of more than 80,000 of the small businesses with two to 49 employees).

Nonetheless, fewer owners say it doesn't represent them "at all" (17%) than feel that way about the five other organizations in the survey. On a scale of 1 to 4 with 4 representing "very well" and 1 "not all" the CFIB gets an average score of 2.65 (out of a possible 4.0) compared with 2.50 for the Ontario Chamber of Commerce (and 2.00 for the Ontario NDP). The CFIB on this benchmark is weakest in the Greater Toronto Area (a 2.45 average rating) and strongest in the North (3.05).

While tens of thousands of small business owners find their voice in the CFIB, CFIB supporters think like the rest of small business owners on public pension policy and other questions on retirement covered in the poll. Some 69% of CFIB supporters say the CPP helps keep small businesses competitive, for instance, compared with 62% of all small business owners.

14% of small business owners provide pension plans

Two thirds of Ontario's small business owners say they provide training opportunities to their employees, but only 14% provide a company pension plan.

Owners with 20 to 49 employees are more likely to provide pension plans than those with fewer than 20 employees. According to Statistics Canada firms with 20 to 49 workers in Ontario employed nearly 530,000 people in 2009.¹ Among these larger small businesses, 23% of the owners say they provide a pension plan compared with 14% among small businesses overall.

Small business that do provide a pension plan are a more likely to be in construction, manufacturing, transportation, wholesale trade, finance, insurance and real estate than in retailing and other services.

Q9 Which of the following employment benefits, if any, does your company provide?

| | All owners | CFIB supporters |
|--|------------|-----------------|
| Opportunities to attend training programs | 66% | 72% |
| Medical benefits | 32% | 38% |
| Life insurance | 32% | 37% |
| A company pension plan | 14% | 14% |

¹ Firms in Ontario with under 50 workers employed 1.5 million people in 2009, according to Statistics Canada.

Method

The findings in the OFL-CLC poll are based on telephone interviews conducted from March 4 through March 16, 2010, by the Vector Poll™ with 300 owners of small businesses throughout Ontario who employ two to 49 employees.

The data were weighted to the sample to reflect the actual proportion of small businesses in each sector of the provincial economy.

There are nearly 400,000 businesses in the province with two to 49 employees. With a probability sample of 300 in a population of 400,000, one can say with 95% confidence that the overall results have a margin of sampling error of ± 5.7 percentage points.