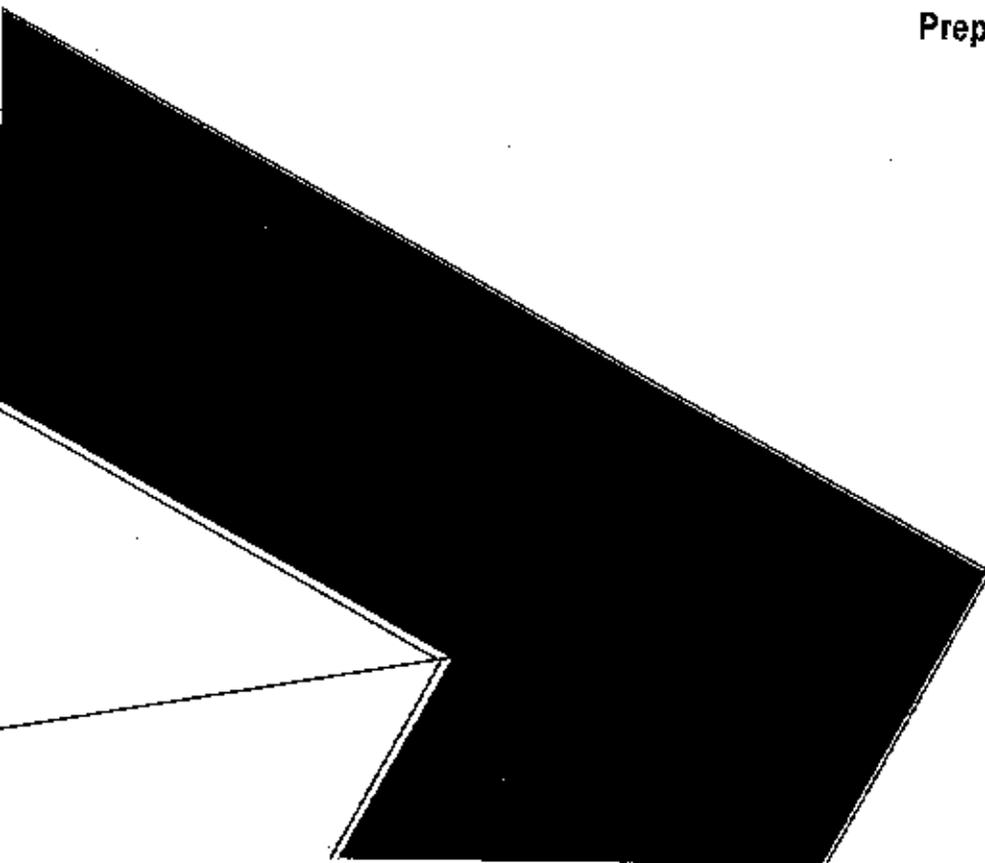




# **Final Report ORPP Focus Groups Sessions**

*Final Report for  
Ontario Ministry of Finance*

**Prepared by EKOS Research  
Associates Inc.**



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## Introduction

This summary presents the results of 15 focus groups conducted across the province of Ontario - groups were drawn from a general population sample as well as business owners and senior managers. Key findings are summarized below, and divided into General Population, Business Owners and Managers, and then followed by some basic recommendations for communication strategies.

Sessions were conducted between March 9 and March 19, 2015 and were held in downtown Toronto, Brampton, Ottawa, Sudbury and London.

## Methodology

The focus groups were recruited by live caller, drawn from an RDD sample frame, with an equal representation of gender and age groups and were drawn from the regions around each focus group centre. Each session was held in professional facilities (except in Sudbury where such facilities were unavailable, and were thus conducted in a local hotel) and were 90 minutes in length. Participants were offered an honorarium for their participation.

## Key Findings - General Population Groups

### General Awareness:

Participants in the general population groups demonstrate a wide range of awareness of the ORPP with a large majority aware of the economic realities it hopes to address while a smaller number report following media coverage of the plan, and understand it to have been part of the 2014 provincial election campaign.

The largest number report having 'seen the headlines', with some following in more detail. The most common media sources were newspapers (print and online), AM radio, and visits to various Ontario government websites. A much smaller number have discussed the plan with friends and family, or co-workers.

When asked if they have a retirement plan in place, the groups were relatively evenly split between those that do have some form of retirement plan in place (everything from public sector workers with full pension plan to those nearing retirement that have saved through a private or employer plan) to those who are too young to have started saving and onto those already retired who have no retirement income, save for CPP and supplements.

A very small number had retired but had a spouse that still worked, or had retired early owing to a medical condition or accident.

Almost without exception, general population participants felt that there is indeed a retirement savings problem in Ontario. For the few that felt that perhaps there isn't a savings problem, their reasoning suggests that because there are already retirement programs such as CPP that would provide for your minimum daily needs, then what counts as a problem is rather more a question of declining quality of life. This distinction, between a program that provides for basic needs in retirement and a more broadly conceived provision of a good quality of retired life, was reflected in the conversation thread throughout almost every group that focused on the primacy of individual responsibility as a core conceptual frame. It clearly less salient in the general population conversations than it was in the business owner sessions, but some participants returned to the point repeatedly; that one ought to provide for oneself first and that any government program ought to be only a basic needs program and nothing more.

From the broadest perspective all agreed that conditions in the Ontario and Canadian economy had changed and many were quick to note that 'middle class decline', labour precarity, diminished returns to education and similar ailments were all part of the new conditions facing many Ontarians when thinking about saving or retirement.

### CPP or ORPP?

When asked which option – amending the current CPP contribution rates, or offering a new provincial plan makes most sense – participants were overwhelmingly in favour of addressing the CPP as a first and preferred option. This was borne largely of a desire to avoid duplication, government waste and a range of similar concerns. Discussion points on this subject ranged from

the unrealistic ('why don't we just reform the CPP instead') to the insightful ('why don't we [Ontario] make this into a federal election issue?').

A (very) small number of group participants were aware of Ontario's efforts in the Council of the Federation meetings in 2014 (although none named them directly) and more broadly of arguments made by the federal government about current economic fragility as a reason for not modifying the CPP at this time.

### Who is best suited to run a pension program?

The primary reasons offered for preferring reforms to the federal pension program were not based in any particular degree of trust (or assumptions of competence) for one level of government over another, but rather in the desire to ensure pension portability. So for example, many participants raised concerns about the Ontario plan along the lines of the following; worried about paying into the plan for a long period only to leave the province at a later date, worried they would not be able to withdraw their contributions from the Ontario plan

Additional concerns centered on the opposite problem; would moving to Ontario later in life unfairly burden the employee with the costs of the plan without any substantial benefit upon retirement? More generally general population groups were concerned by what they felt is a lack of information about who would or would not be exempt from the program, what contribution rates will be, what kinds of exemptions would remain in place and for a small number, whether the plan as a whole would be expected to generate decent rates of return over the long term. Many of these concerns were highly self-interested in outlook and when discussion inevitably turned to the collective problem of dealing with inadequate retirement income these issues became less salient.

### Should Businesses play a role?

When asked if they felt that businesses ought to play a role in promoting retirement security, an overwhelming number of participants agree with the general sentiment, although with the caveat offered by a small group that the plan might act as a disincentive to businesses hiring in future. This view was advanced primarily among people who rely on small businesses to hire them as contractors for example - small businesses that might already be reluctant to hire full time staff will now be disinclined to even hire contractors if they can't afford the costs of the ORPP.

But overall there was little sympathy among the general population participants for the message that businesses would find it difficult to manage the contributions outlined in the ORPP. Many participants simply expressed disbelief at the claim that costs would be too onerous, while others indicated that while they accept that we are currently in difficult economic times, businesses 'will always find a way to adapt' and that the greater benefit of a collective savings plan outweighs the particular economic interests of any one business.

### What role should governments play (aka Who Should do What?)

When asked to consider what kinds of government interventions they would prefer the general population groups were very quick to turn the conversation away from the specific discussion of the merits of a pension savings plan into a far more abstract consideration of the nature of the state-citizen relationship, the need for the protection of collective goods and the anxieties they feel over what they perceive as a decline in government capacity to manage complex economic issues.

This last point emerged as a claim about the inherent incompetence of government to manage any program well (a small number came with examples of what they thought of as recent government failures – ORNGE, gas plants, etc. – as offered these as evidence that the ORPP would be similarly wasteful, corrupt etc.). But it was also reflected in the widely shared sentiment that 'things are simply different now' and that no government appears equipped to deal with structural changes in the labour market, declining returns to education and so on.

The core of the dilemma for these discussions - that emerged in some form or other in almost every group - is the question of what the state owes its citizens under conditions of austerity, increasing inequality and the general perception that future economic prospects will not be as bright as they once were.

Even the most 'libertarian' participants felt that the state ought to provide care to those who suffer traumatic injury or illness. And more generally the groups felt that – putting aside concerns over cost, program details and a general worry about the government's ultimate ability to do this properly – the groups all felt that addressing retirement undersaving ought to be understood as one of these core duties of government.

Closely tied to this discussion about the ability of any level of government (or of any private pension plan) to successfully mitigate a retirement savings problem the gen pop groups also discussed how successful a universal, forced savings program might be under economic conditions that limit people's ability to afford even basic necessities, and the additional problem of a society that seems to accept debt and indebtedness as normal. Just as in the business groups, these discussions focused on what many participants understand as a deep-rooted and even cultural problem.

Without putting too fine a point on it, elaborating this element of the group sessions is meant to highlight how important this conversation was in many of these groups and highlights research that EKOS (and others) have undertaken in recent years. Canadians' expectations for the future continue to decline and we suggest that this attempt to elaborate in the focus groups what government ought to do in response is a reflection of this sentiment.

Most of the participants in these groups accept as normal that young people will not receive the benefits offered to an earlier generation of workers; nor do they expect them to even procure full time work in the traditional manner – indeed a number of the younger group participants indicated they work as precarious contract employees in their respective fields and cannot begin to save for their retirement.

Nor do the groups think that existing forms of retirement support are sufficient for anything more than most basic quality of life and as such the ORPP does appear to be an example of what the groups deem as a needed or necessary government program. It is not understood as a frivolous reward for those who are unable to save, but a program designed to help ensure a minimal standard of living for those who retire. Many spoke of the difficulties for themselves, for their friends and family who retired without sufficient savings and would consider a program that helped save for retirement as an important social program.

But this desire for government support should be understood as tempered by an equal and widely shared sentiment that governments of all stripes are unable to manage efficiently and effectively any program of this scope. This concern for government waste and inefficiency was far

more heightened in the business groups but was certainly a strong element of the discussion in the general population groups as well.

The conclusion of this discussion in many of these groups was a grudging acceptance that, from among possible options designed to address large-scale socio-economic problems like undersaving for retirement (and accepting that the federal CPP program is not at present an available remedy) that the ORPP is a welcome response.

## Key Findings - Business Owner Focus Groups

The focus group sessions conducted with business owners and senior managers reveal, for the most part, a very different set of concerns than those expressed in the general population groups. Overall the business groups exhibited an overwhelming opposition to the ORPP. The central concern of these groups is the lack of clear program scope or definition and an equally uncertain sense of the costs of matching contributions.

These business owners feel already burdened by what they see as exorbitant taxes and program fees already in place, and resent the additional intrusion into their bottom lines to help pay for a retirement program that they overwhelmingly feel is the responsibility of the individual citizen to manage.

Dominant themes of individual responsibility and self-reliance were mixed with resentment and anger - and in at least one group conducted with business owners in Southwestern Ontario - this anger was quite visceral. Here respondents suggested they would simply refuse to participate, would shut down their businesses and offered a long list of grievances as to how 'the government' already imposes itself on them.

Participants in all of these groups also exhibited a profound distrust of government and its ability to manage any program but they were particularly sensitive about what they perceive as the misuse of 'my money' or the 'people's money' no matter how professionally or independently managed. Repeated evocations of examples of program misspending, political corruption and in at least one group the detailed elaboration of the moral decline of the current government were offered as if apparent. Handing over one's money to the government is not the act of 'buying civilization' rather it is simply pouring more money into an institution that already regulates one's

freedom and does so poorly. Many of the participants, when asked to clarify (or more properly, allowed to reconsider their rhetoric) simply re-affirmed these views. To sum this ethos in a phrase; noting good can come of government.

When pressed to elaborate on the policy or oversight conditions that would be able to meet their concerns about lack of oversight and the possibility that funds from the ORPP could be used for other programs, the groups remained highly skeptical, preferring not to elaborate on what would allay their fears. Indeed the default position of many of these participants was to assume that the government would be able to quickly legislate changes to the program to 'steal away' any surplus. ('We are only one vote away.')

And while some groups – particularly in Toronto proper - felt that in the abstract at least, addressing retirement savings issues was a good idea, none of the groups offered their support beyond accepting that 'something has to be done.'

Have you been following the conversation?

Far more than the general population groups, the business community has been following both the broad public debate about retirement security and more specifically have been paying attention to the emerging discussion about the ORPP. In addition, some of the larger, more professional participants have already begun conversations with their staff about what the ORPP will mean for their operations as of 2017 (among these responses: cancellation of existing company pension plans, planning for layoffs or 'restructuring' of employee status) while some of the smaller, trades-focused owners are adopting more of a 'wait and see' attitude before deciding how the plan will change their operations.

A number of the sole-proprietor participants and smallest companies (those with only one or two employees) were clear that they intend to redefine employee positions as strictly contractual, or that they will have to pay themselves in dividends instead of as employees.

## Where have you been following this conversation?

Participants in the business groups also report following the discussion in the same media sources as the general public (newspapers, radio, online) but a small number had also been contacted by, or completed a poll for, the Canadian Federation of Independent Business. Another group had begun conversations with their financial managers, accountants and so on, to better prepare themselves for the implementation period of the plan.

## Is there a retirement or a retirement savings problem in Ontario?

As with the general population groups a large majority of business owners feel that there is a retirement savings issue in Ontario. Many noted that the broader context – of economic stagnation or decline was very immediate in terms of their own business operations (for example, many in these groups reported having employed more staff in the recent past, have noted that 'business has slowed down' or that their customer base has become smaller and more cost-sensitive) and more generally report a less-than-rosy outlook for the future. Almost without exception group participants felt that the general prospects for the province of Ontario were not positive, and a combination of gloomy economic conditions, deep shifts in the labour market and a general shift in the culture away from saving and towards consumption and gratification made saving for retirement very difficult for many people.

In keeping with the primacy of personal responsibility, many in these sessions landed on the notion that 'the culture' has somehow changed, that people are unable and unwilling to make the sacrifices needed to put aside money for their retirement - and among a small majority – that a plan such as the ORPP would only feed into this new attitude and actually lead people not to save for their retirement. Without using the exact phrasing, many presented this view in the language usually reserved for the morally corrosive 'indignity' of receiving welfare or other social support payments

In effect this view suggests that 'people won't save if they know the government will provide for them in the end.' It cannot be overstated just how prevalent and significant the primary role of personal responsibility is in how the business groups view the ORPP specifically (and government

programs more generally). Most of the groups repeatedly discussed themes of self-reliance, sacrifice and in some instances lamented a mythical past in which communities typically took care of one another - this obviating the need for government intervention at all.

This is not to say that all participants shared this view – at least one group noted that 'you can't go back to the past' – but the dominant sentiment on this point is that a savings plan like this will not be effective, because it is mandated by an inefficient government and because the people it would primarily seek to serve would themselves be unlikely to save if they knew such a program existed.

### As a businessperson what concerns you most about the ORPP?

When asked to consider their greatest concerns about the ORPP, these groups were concerned most with the cost of the ORPP contributions – and many of the smaller businesses insist that the additional costs will cause them to adjust their operations as outlined above. When pressed these respondents could all list a variety of other charges, fees and increased program contributions (WSIB was a particular touchstone) as evidence of having reached the 'tipping point' for the costs that they can reasonably be expected to bear.

An additional element to highlight is that many of the smaller business owners expressed a concern that - compared to larger businesses that they assume have endless professional resources to help avoid taxes or fees - the smaller business owner bears an unreasonably large portion of the tax burden and as a result feel the ORPP contributions are just too much to afford. Responses varied from the extreme ('If they try to bring that down here there will be a revolution') to the reasonable ('I'd happily administer the program for employee contributions but I don't think I should pay them'). But overall the worries that attend this new program are primarily about the costs of the contributions and secondarily the lack of a clear program outline (who will be exempt, will seasonal employers have to pay the same rates, etc.)

Does the private sector have a part to play in addressing the retirement gap?

When asked to imagine the dimensions of shared responsibility between the individual, government and businesses, the predominant view among participants was that businesses in the abstract do have a role to play – owners do take pride in their role in their community as job creators – and a very small number went so far as to suggest this was a feature of their thinking about what being a business owners entails.

Given the results in the telephone portion of the project (business owners were significantly more likely than the general population to think business should play a role in supporting retirement savings plans) this self-identity might be a useful starting point for generating business support for the plan. However the gap between the idealized vision and the practical reality for businesses is that they feel they cannot afford to contribute to the ORPP, don't feel they are specifically responsible for the retirement security of their employees (a number of participants suggested their employees 'aren't loyal enough' to the company to stay around long enough to benefit from a plan)

A small number of business do have some form of savings or pension plan and for these participants, the greater concern was over the prospects for a loss of choice; perhaps the most pressing issue for these participants was the significant desire to be allowed to opt out of the ORPP either owing to their ability to offer a better retirement plan already ('we could generate a much better return on our own') or to the more general distrust of a 'one size fits all' program. And when pressed to explain their seeming support for a federal plan and a deep distrust of a provincial that would largely look the same, responses were inconsistent at best.

What specifically troubles you or your business about the ORPP and what are you most likely responses to it?

As noted above, the overwhelming concern for participants are the costs associated with the contributions – either because they aren't yet finalized (and thus worrying for lack of create knowledge), might be increased in future, or more generally because they represent additional costs for businesses that feel very strongly they already pay enough.

The most likely response from the smaller businesses (sole proprietor and 1-2 employees) seems to be a general intention to restructure their business such that they will pay themselves dividends instead of a salary, or will treat employees that are now full time as if they are contractors. A small number of respondents suggested they would either close their business permanently or move their business to another jurisdiction (but were less certain when pressed to explain the logic of their choice).

Larger businesses have begun to assess whether they will have to change their internal pension plans (if they have them) and intend to take measures such as not replacing employees as they retire. This groups were also much more likely to have discussed in detail the likely impacts of the ORPP already and appear to have 'already priced-in' the costs of the plan.

### Assistance in implementing the program

When asked to consider whether specific program features would make them more receptive to the ORPP or to have fewer qualms about the plan, none of the groups could get past their animosity to government programs overall and to the costs of a program they feel should be the burden of the benefactor (i.e. the individual citizen that will receive the retirement benefits).

At most the conversation would include some deliberation over the exact details of the ORPP and in all of the groups participants did indicate a need for more information about program specifics as a precursor to their involvement in the program. This detail includes everything from general concerns about program scope (who will be exempted, can I opt out) to the more specific (will rates be fixed or change by business type or size). But none of these queries, once answered, could be construed as a wholesale support for the program.

### Communication preferences

On the question of how best to communicate with business owners and managers, there was no obvious preference, save for ease of interaction. Indeed in spite of returning to the point throughout the groups none of the participants indicated that this was an issue and as long as simplicity were to govern the communication with government they would be satisfied with this.

# Recommendations

## Business Groups

Overall the business groups exhibited a great deal of anger at the prospects of what they feel is yet another cost or program imposed on them by a government that neither understands how hard it is for businesses right now, nor seems to offer the right kinds of solutions to address this reality.

As previously noted, it is anger and resentment that dominate the overall response from business owners and many in these groups expressed similar sentiments; that this would be the final straw that would lead them to move, close their operations or otherwise re-think how they employ their staff. Many commented on the irony of a program that, although intended to help those who need savings assistance, might actually lead to a decrease in employment.

So there are real challenges in how to ensure cooperation especially from the smaller business owners.

Contact with businesses should be plainspoken as possible – owners already feel overburdened by reporting requirements, taxes and the general character of their relationship to the government and overwhelmingly see the ORPP as more work they must perform for the government at their own expense.

When asked for their communication preferences in terms of how to receive assistance and information in advance of the program rollout – and in many cases with repeated prodding – none of the group participants expressed specific desires save for wanting 'simplicity' and 'ease of use' in how they are contacted.

The ORPP was discussed in the focus groups in terms of the special role that businesses might play in sustaining their local economies, or helping their fellow residents. This in response to telephone survey results that indicated business owners were more likely than the general population to consider businesses as an important element of providing retirement planning options.

Results on this line of discussion were mixed and it isn't clear that this would be the way to frame the broader appeal to business owners. Relying on the self-understanding that owners and managers have of their 'special responsibility' to help their employees and their local communities is appealing in the abstract to many in these groups and may be the first step to helping them identify reasons for engaging with the Ministry on the ORPP.

But there is clear evidence from these discussions that these owners and managers hold a stronger belief in personal responsibility, self-reliance and have a keen sense (among small business owners in particular) that they are the 'engine of the economy' and see themselves as the well from which the government regularly draws upon to fund programs like the ORPP. This makes it difficult to frame their contributions as anything more than an additional 'cash-grab.'

This is not to say that all business owners and managers are community benefactors first and profit-seeking second; many in the groups were clear in the belief that they don't have anything more than an instrumental relationship with their staff and would pass the costs of the ORPP onto their employees without any qualms. But the core of the point is to note that the role of 'job creator' has a deep resonance for some smaller business owners in particular but they feel the ORPP will limit this capacity in a very real way. It will be in the simplicity and ease of administering the program, the promise (and demonstration) that the fund won't be used for other purposes that will be the primary feature of how this program is successfully received. The response was clearly one of anger and this will be a difficult starting point to overcome – denying what they feel as a legitimate emotion will only heighten their antagonism, so in foregrounding the ease of a program that also allows business owners to bolster their special community role will be essential.

### **General population**

Even among those participants that were themselves well situated for retirement there is widespread belief that economic conditions are irreversibly different, that traditional forms of access to the labour market are no longer available to most, that 'normal' elements of working life are much harder to achieve (especially saving) and that something 'must be done.'

All of these sentiments, taken together indicate a degree of support among the general population that is much stronger than among the business groups. There are worries about who will oversee the ORPP and how effective a government program could be, but overall these concerns are more than overcome by the view that action on retirement savings is needed

The tension for these groups rests on the relationship between the commonly held view that we now live under conditions of structural change to society and require government intervention to address these new realities; that there is a general acceptance of the primacy of individual responsibility to save for one's own retirement; and there is a (somewhat less common) view that we live in a culture that doesn't valorize saving for the future even if it is painful in the short term.

These three competing impulses cash out in the general population discussions as a general support for certain government interventions, in specific policy areas (say a forced savings plan) that constitute the provision of basic public goods. This 'special category' of government services that ought to be in place as a common social program includes something like the ORPP and the costs of its creation should be borne by all – even by businesses that claim they are unable to pay.

It is this reconciliation of the stereotype of government waste (that was more readily abandoned in the gen pop groups) that must be overcome – and in these groups it appears sufficient to elaborate the professional and arms' length management of the ORPP along with clarifying the rules of exemption to ensure support.

The key point should be to position the ORPP as an integral part of these 'core services' that the government ought to provide in times that are increasingly uncertain. Many in these groups turned the discussion into a debate about what the state ought to be doing – it follows that by translating these worries into the specifics of the ORPP, the importance of collective programs, a reasonable approach to providing basic standards of life in retirement that the public will be more supportive.

The question of 'who should do what' also featured prominently in the group discussions – almost without exception the groups preferred an expansion or revision of the federal CPP program but when reminded that the current federal government does not appear to be interested in reforming the CPP program almost without exception group participants accept that a 'made in Ontario' version is preferable to no action at all. This ought to be an element of the communications strategy – that this is a reasonable and affordable policy initiative that addresses real problems, faced by real people. The ORPP, if it is understood in the minds of Ontarians as the CPP is now, as a minimal provision of care, will resonate more readily in the minds of a population already concerned about their future

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