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New facts on pension coverage in Canada

by Marie Drolet and René Morissette

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.	not available for any reference period
..	not available for a specific reference period
...	not applicable
0	true zero or a value rounded to zero
0^s	value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
^{p}	preliminary
^{r}	revised
x	suppressed to meet the confidentiality requirements of the *Statistics Act*
^{E}	use with caution
F	too unreliable to be published
*	significantly different from reference category ($p < 0.05$)

New facts on pension coverage in Canada

by Marie Drolet and René Morissette

Overview of the study

This study examines the characteristics of Canadian workers aged 25 to 54 who are covered by defined benefit registered pension plans (RPPs) as well as those covered by defined contribution RPPs or hybrid plans. It does so by using new data from the Longitudinal and International Study of Adults (LISA), first conducted in 2012.

- Between 1977 and 2011, the proportion of the overall employed population covered by RPPs declined from 52% to 37% among men, mainly because of a drop in defined benefit (DB) plan coverage. Among women, RPP coverage increased from 36% to 40% over the same period.
- In 2012, 33% of employed women and 24% of employed men aged 25 to 54 were covered by DB plans. Women had higher DB coverage rates because they were predominantly employed in sectors with higher coverage rates such as educational services, health and social assistance, and public administration.
- Among employed university graduates, 42% of women and 30% of men were covered by DB plans. This compared with coverage rates of approximately 18% among men and women with a high school diploma or less.
- RPP or DB coverage was higher in larger workplaces. About 46% of male employees and 62% of female employees in workplaces of over 1,000 employees were covered by a DB plan.
- Higher-paid workers had better RPP or DB coverage than lower-paid workers. For example, 60% of female employees (37% of males) in the top deciles of hourly wages were covered by a DB pension plan, compared with less than 7% of those in the bottom decile.

Introduction

Registered pension plans (RPPs) are a key component of workers' compensation packages and one of the pillars that Canadians use to build retirement income. As the social and economic landscape evolved over the last three decades, the extent to which Canadians held jobs providing RPP coverage changed substantially. Among employed workers at least 15 years of age, the percentage of men with RPP coverage in their job fell from 52% in 1977 to 37% in 2011 (Chart 1). In contrast, women's RPP coverage rose from 36% in 1977 to roughly 40% in the mid-1990s, and remained at this level for the rest of the period.[1]

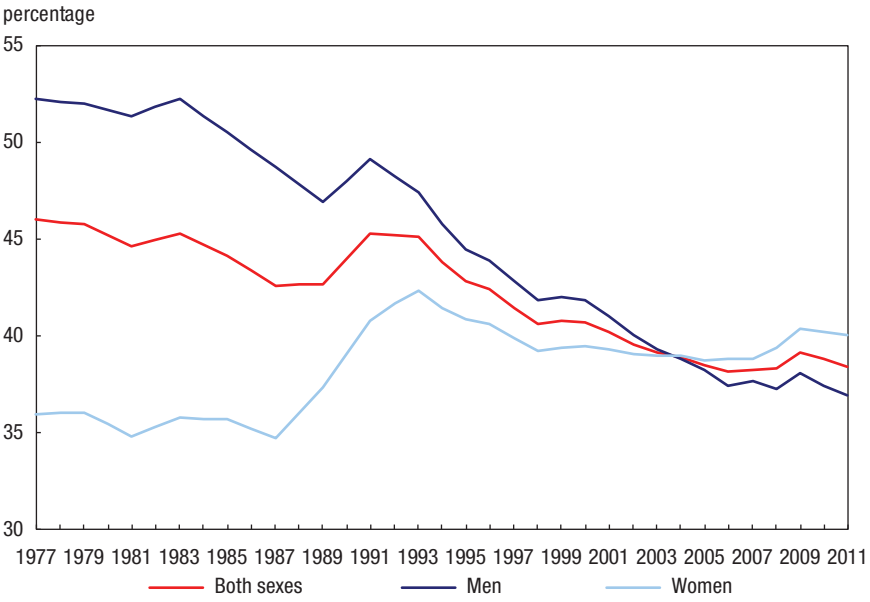
Registered pension plans can take several forms. Defined benefit (DB) plans predetermine the benefits workers will receive based on a formula stipulated in their plan. Other RPPs include defined contribution (DC) plans, in which members' benefits are provided from accumulated contributions plus the return on the investment of those monies, and relatively new hybrid/mixed (H/M) plans, in which income is derived from both defined benefit and defined contribution portions (see *Data sources, methods and definitions*).

The drop in men's overall RPP coverage observed from 1977 to 2011 resulted from two offsetting trends: a large decline in defined benefit (DB) plan coverage (more than 20 percentage points) and a relatively small increase (less than 10 percentage points) in defined contribution (DC) or hybrid/mixed (H/M) RPP coverage (Chart 2). The overall increase in women's RPP coverage was the result of a steady gain in defined contribution or hybrid/mixed RPP coverage counterbalancing the slight decline in their DB coverage.

While these trends are fairly well-known,[2] several questions regarding RPP coverage remain unanswered. This is because, until recently, little information existed about the characteristics of workers across type of RPP coverage. The Longitudinal and International Study of Adults (LISA), conducted for the first time in 2012, filled this gap by combining information on both worker sociodemographic attributes and pension plan characteristics.

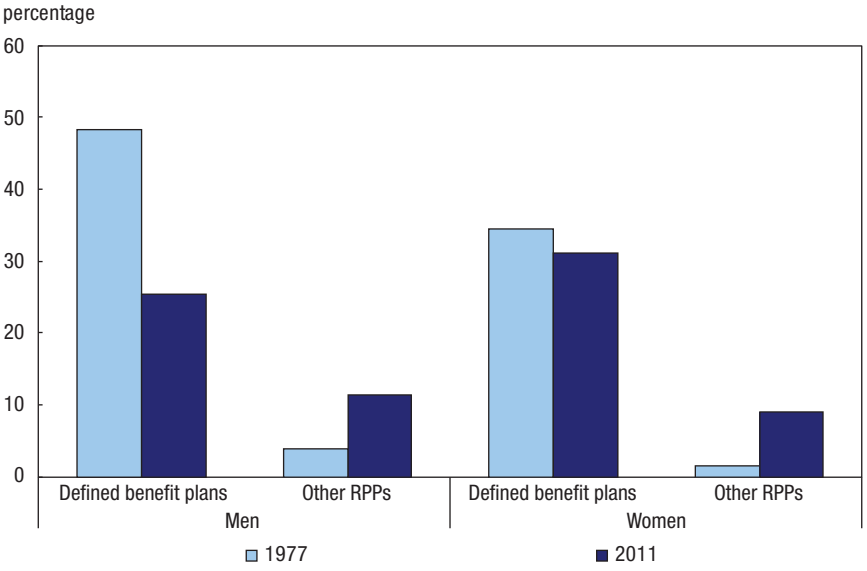
This article provides answers to many questions that relate to RPP coverage among Canadian employees. Specifically: Which workers are covered by defined benefit RPPs? Which workers are covered by defined contribution or hybrid plans? Do wages and coverage by defined benefit RPPs appear to be substitutes, with highly paid workers having relatively low coverage, or are these two aspects of worker compensation packages positively correlated? Among defined benefit plan members, does plan generosity vary by education level or by the skill requirements of the job? Does defined benefit RPP coverage differ by firm size to the same extent as

Chart 1
Percentage of employees with a registered pension plan (RPP) through their job, by gender, 1977 to 2011



Sources: Statistics Canada, Pension Plans in Canada and Labour Force Survey, 1977 to 2011.

Chart 2
Percentage of employees with a registered pension plan (RPP) through their job, by gender and pension type, 1977 and 2011



RPP: registered pension plan
Sources: Statistics Canada, Pension Plans in Canada and Labour Force Survey, 1977 and 2011.

coverage by defined contribution RPPs or hybrid plans? This study will answer these questions by focusing on employees in their prime-age working years, aged 25 to 54.

Women have higher coverage rates than men, mainly because of differences in industry of employment

Of all female employees aged 25 to 54, about 1 in 3 were covered by a defined benefit plan in 2012 (Table 1). The corresponding proportion for men was 1 in 4.[3] In contrast, men were slightly more likely than women to belong to defined contribution or hybrid RPPs—about 11% of men and 9% of women were covered by these types of RPPs.[4]

Part of the gender difference in defined benefit RPP coverage likely results from the fact that women were predominantly employed in industries that tend to have higher coverage rates such as educational services, health care and social assistance, and public administration. In 2012, 42% of employed women aged 25 to 54 were employed in these sectors, more than double the rate of 17% observed for men.

Consistent with this explanation is the fact that gender differences in defined benefit RPP coverage are either small or non-existent within industries—for example, about two thirds of men and women employed in educational services were covered by defined benefit RPPs in 2012.

Multivariate analyses confirm this hypothesis. After taking industry differences between men and women into account, the 8 percentage-point gender difference in defined benefit RPP coverage found in the aggregate in Table 1 was much reduced and was no longer statistically significant.

Table 1
Pension coverage by gender, industry and pension type, 2012

	Percentage of employees with					
	RPPs		Defined benefit RPPs		Defined contribution or hybrid RPPs	
	Men	Women	Men	Women	Men	Women
	percentage					
Industries	**35.6**	**41.2**	**24.3**	**32.6**	**11.4**	**8.7**
Agriculture, mining and utilities	38.9	45.2	18.2	19.4	20.7	25.9
Construction	28.1	F	21.5	F	6.6	F
Manufacturing	30.8	26.5	16.8	11.8	14.0	14.7
Wholesale and retail trade	22.4	16.4	6.3	6.7	16.1	9.7
Transportation and warehousing	39.5	39.0	28.0	29.7	11.6	F
Finance, insurance and real estate	51.8	62.1	29.1	36.8	22.8	25.3
Professional, scientific and technical services	18.3	14.3	9.8	F	8.5	9.6
Management of companies	F	F	F	F	F	F
Educational services	74.1	74.0	67.5	68.7	F	5.3
Health care and social assistance	55.0	51.1	48.8	46.5	F	4.7
Information and cultural services	32.5	34.7	14.9	20.1	17.6	14.6
Accommodation, food, and other services	15.1	9.3	F	F	F	F
Public administration	84.7	85.0	79.8	81.0	4.9	4.1

F too unreliable to be published
RPP: registered pension plan
Note: Includes employees aged 25 to 54.
Source: Statistics Canada, Longitudinal and International Study of Adults, 2012.

Young university-educated workers have better defined benefit plan coverage

In general, a higher level of education was associated with higher coverage rates. Among all university graduates, 42% of women and 30% of men were covered by DB plans. This compared with coverage rates of approximately 18% among men and women with a high school diploma or less (Table 2).

It is a well-documented fact that young bachelor's degree holders continue to earn more, on average, than their counterparts with a high school diploma.[5] In addition to higher wages, do young university-educated workers enjoy better DB coverage than their less-educated counterparts?

The answer is clearly "yes". Young male and female university graduates (aged 25 to 34) had DB coverage rates (22% and 35% respectively) that were double the rate of those with a high school diploma or less (9% and 15% respectively).[6] In fact, multivariate analyses confirm that higher education was associated with better DB coverage for young graduates—male or female—even after controls were used for the type of industry in which young workers are employed.

Among women, higher education was also associated with better DB coverage in other age groups. Female university graduates aged 35 to 44 and those aged 45 to 54 were 27 percentage points more likely to be covered by a DB plan than those with a high school diploma or

Table 2
Pension coverage by education, age, gender and pension type, 2012

	Percentage of employees with					
	RPPs		Defined benefit RPPs		Defined contribution or hybrid RPPs	
	Men	Women	Men	Women	Men	Women
	percentage					
Age						
25 to 54	**35.6**	**41.2**	**24.3**	**32.6**	**11.4**	**8.7**
High school diploma or less	26.7	27.8	17.2	18.0	9.5	9.9
Trade or apprenticeship	36.9	33.3	24.4	F	12.6	F
CEGEP or college	37.5	41.3	25.0	32.9	12.5	8.4
University degree	41.6	50.2	29.7	41.9	11.8	8.3
25 to 34	**24.1**	**33.0**	**16.2**	**27.7**	**7.9**	**5.3**
High school diploma or less	14.9	21.7	9.4	14.9	5.5	6.8
Trade or apprenticeship	26.7	21.0	19.3	F	7.4	F
CEGEP or college	23.6	32.6	14.5	26.0	8.5	6.0
University degree	31.4	39.7	21.5	35.4	9.9	4.4
35 to 44	**39.1**	**42.0**	**25.5**	**33.2**	**13.6**	**9.1**
High school diploma or less	30.0	26.6	18.8	17.4	11.2	9.2
Trade or apprenticeship	40.2	34.7	22.6	24.1	17.6	10.6
CEGEP or college	42.0	37.7	27.3	29.4	14.6	8.2
University degree	43.1	53.6	29.9	44.4	13.2	9.2
45 to 54	**43.5**	**47.9**	**30.8**	**36.5**	**12.7**	**11.4**
High school diploma or less	34.8	32.4	22.9	20.2	11.9	12.3
Trade or apprenticeship	42.4	39.6	29.6	31.6	12.9	8.0
CEGEP or college	47.9	52.2	33.4	41.7	14.5	10.6
University degree	51.1	60.2	38.7	47.6	12.4	12.6

F too unreliable to be published
RPP: registered pension plan
Source: Statistics Canada, Longitudinal and International Study of Adults, 2012.

less education. Furthermore, better DB coverage persisted for female university graduates of all age groups even when controls for industry were used in multivariate analyses.

In contrast, a higher education level was not ubiquitously associated with better DB coverage among men of all ages. The cross-education differences in DB coverage noted among men aged 35 to 44 and those aged 45 to 54 in Table 2 (11 and 16 percentage points respectively) no longer persisted after controls for industry were used.

In addition to being more likely to be covered by defined benefit plans than their less-educated counterparts, university-educated workers tended to have more generous defined benefit plans. Of all university degree holders with DB plans, about 96% had plans where the pension formula was based on 'average best earnings' or 'final average earnings' (Table 3).[7]

The corresponding proportion for defined benefit plan members with a high school diploma or less was significantly lower, at roughly 69%. Similar cross-educational differences in the generosity of DB plans were found for both workers aged 45 to 54 and those aged 25 to 34.[8] Such results support the fact that DB plans in occupations usually requiring a university education are based on average best earnings or final average earnings more often than occupations that usually require a high school diploma or less.

DB coverage rising with job tenure, regardless of age

Research has shown that DB plans tend to encourage workers to stay in their job to maximize their future pension wealth.[9] Consequently, workers with longer job tenure should have relatively high coverage rates under DB plans.

This is indeed the case—42% of men and 57% of women with over 15 years of experience with their current employer were covered by DB plans in 2012 (Table 4). The corresponding numbers for men and women with less than five years of tenure were 15% and 21% respectively. These differences in coverage rates by DB plans across tenure do not merely reflect an age effect. In fact, the likelihood of belonging to a DB plan rises with time spent with the employer regardless of age.[10]

In contrast with how pension wealth accumulates in DB plans, pension wealth in defined contribution or hybrid plans accumulates more smoothly over the life cycle.[11] These differences may help explain why coverage rates differ to a lesser extent by job tenure in these plans than they do in DB plans.

Coverage rates for all types of RPPs are higher in large workplaces

Because hiring and training represent a cost, employers may offer pension plans to reduce labour turnover and to defer compensation as a means of attracting more productive or highly skilled workers.[12] The degree to which they do so may differ by firm size for a variety of reasons. Small firms may have fewer financial resources available compared to large firms. Large firms may take advantage of economies of scale

Table 3
Pension formula for current service for members of defined benefit plans, 2012

	Percentage of defined benefit plan members in plans based on		
	Average earnings	Career earnings	Flat benefits
	percentage		
All	**86.2**	**3.8**	**10.0**
By age group			
25 to 34	87.5	2.8	9.7
45 to 54	84.8	4.4	10.8
By education			
University degree	95.5	2.6	1.9
25 to 34	97.9	1.2	0.9
45 to 54	93.6	3.2	3.3
High school diploma or less	69.2	4.3	26.5
25 to 34	59.7	3.0	37.3
45 to 54	73.2	4.7	22.1
By occupation skill level			
Occupations usually requiring			
University education	97.1	2.1	0.8
College education or apprenticeship training	80.9	5.4	13.7
High school education and job-specific training	78.9	3.9	17.1
Some high school and on-the-job training	61.2	5.3	33.4

Notes: Includes employees aged 25 to 54 with defined benefit pension plans. Plans based on average earnings include those based on a) average best earnings over a specified period of time (defined over one's entire career or over the last few years of work) and b) those based on final average earnings over the last few years. Data by occupation skill level exclude managers.
Source: Statistics Canada, Longitudinal and International Study of Adults, 2012.

Table 4
Pension coverage by tenure, age, gender and pension type, 2012

	Percentage of employees with					
	RPPs		Defined benefit RPPs		Defined contribution or hybrid RPPs	
	Men	Women	Men	Women	Men	Women
	percentage					
Age						
25 to 54	**35.6**	**41.2**	**24.3**	**32.6**	**11.4**	**8.7**
Less than 5 years of tenure	22.0	27.0	14.9	21.1	7.2	5.8
5 to 10 years	40.2	43.9	25.8	33.8	14.4	10.1
11 to 15 years	46.0	56.3	30.9	43.3	15.1	13.0
Over 15 years	56.4	68.7	41.6	57.1	14.8	11.6
35 to 44	**39.1**	**42.0**	**25.5**	**33.2**	**13.6**	**9.1**
Less than 5 years of tenure	24.8	26.7	16.3	21.0	8.6	5.7
5 to 10 years	47.2	46.4	29.0	34.9	18.3	11.6
11 to 15 years	50.7	59.2	35.0	47.3	15.6	11.9
Over 15 years	49.3	66.2	33.4	54.5	15.9	11.6
45 to 54	**43.4**	**47.9**	**30.8**	**36.5**	**12.7**	**11.4**
Less than 5 years of tenure	24.9	28.0	16.9	18.6	8.0	9.3
5 to 10 years	39.9	40.4	25.5	29.2	14.4	11.1
11 to 15 years	45.7	56.7	31.6	40.1	14.1	16.6
Over 15 years	60.7	70.0	45.7	58.3	15.0	11.8

RPP: registered pension plan
Source: Statistics Canada, Longitudinal and International Study of Adults, 2012.

with the administration costs of pension plans. These arguments suggest that RPP coverage may increase with firm size—previous Canadian studies have confirmed this finding.[13] Yet whether coverage by both DB plans and other types of RPPs increases with the size of the workplace has remained unknown.

As expected, larger workplaces tend to offer DB plans as well as other RPPs more often than smaller workplaces. For example, about 46% of men employed in workplaces with over 1,000 employees were covered by DB plans in 2012, while 23% were covered by other RPPs (Table 5). The corresponding numbers for men employed in workplaces with at most 10 workers were 14% and 6% respectively.

Even outside of educational services, public administration, and health care and social assistance industries, larger workplaces provided better DB coverage than other RPPs. Outside of these sectors, the difference in DB coverage between small and large firms was about 20 percentage points for men and 33 percentage points for women. Coverage rates under other RPPs also differed between small and large firms—by roughly 25 percentage points for both sexes.

Coverage rates are higher for Canadian-born women than for their immigrant counterparts

From the early 1980s to the mid-2000s, earnings differences between recent immigrants and the Canadian-born widened substantially.[14] While several studies have attempted to explain these growing earnings differences, relatively little attention has been paid to differences in RPP coverage for immigrants versus the Canadian-born.

Canadian-born male and female employees aged 25 to 54 had better DB plan coverage and, as a result, better RPP coverage, than their immigrant counterparts. For example, 36% of employed Canadian-born women were covered by a DB plan, compared with 24% of their foreign-born counterparts (Table 6). Among females, the difference was even larger among those who have entered the Canadian labour market recently, or, more specifically, between Canadian-born women aged 25 to 34 and immigrant women who spent less than 10 years in Canada. In contrast, such differences were not statistically significant among males.

Part of the difference in DB and RPP coverage observed for women, however, is related to the fact that more immigrant women were employed in small firms and low-coverage industries than Canadian-born women. In fact, multivariate analyses show that firm size and industry of employment accounted for a significant portion of the differences between the Canadian-born and immigrants in DB and RPP coverage for women (between one-third and one-half).

Since both wages and pension coverage are higher in large firms and among highly educated workers, it seems to follow that highly paid workers are more likely to be covered by *any* type of pension than low-paid workers.

The data support this conjecture (Table 7). In 2012, more than one-half of paid workers in the top decile of the gender-specific wage distributions were covered by RPPs (54% of men and 73% of women)—at least five times the rates observed among their counterparts in the bottom decile—10% of men and 8% of women. Coverage rates under DB plans or other plans were also at least five times higher among paid workers in the top decile than among those in the bottom decile. These significant differences in coverage across wage deciles remained even after controls were used for workers' education levels and experience (bottom panel of Table 7).

Table 5
Pension coverage by gender, size of workplace and pension type, 2012

	Percentage of employees with					
	RPPs		Defined benefit RPPs		Defined contribution or hybrid RPPs	
	Men	Women	Men	Women	Men	Women
	percentage					
All industries						
1 to 10 employees	19.5	13.4	13.7	8.4	5.9	5.1
11 to 50 employees	29.5	37.1	20.6	29.4	8.9	7.7
51 to 250 employees	39.3	50.6	27.2	40.6	12.1	10.1
251 to 1,000 employees	54.9	63.6	35.5	49.8	19.4	13.8
Over 1,000 employees	69.1	75.1	45.8	61.6	23.3	13.4
Excluding education, health care and social assistance, and public administration						
1 to 10 employees	16.2	10.3	10.4	4.9	5.9	5.4
11 to 50 employees	20.6	19.3	10.6	9.9	10.0	9.4
51 to 250 employees	30.8	28.3	17.7	14.8	13.2	13.5
251 to 1,000 employees	47.8	48.0	25.7	25.8	22.1	22.1
Over 1,000 employees	61.9	68.4	31.1	37.5	30.9	30.9

RPP: registered pension plan
Note: Includes employees aged 25 to 54.
Source: Statistics Canada, Longitudinal and International Study of Adults, 2012.

Table 6
Pension coverage by immigration status, age, gender and pension type, 2012

	Percentage of employees with					
	RPPs		Defined benefit RPPs		Defined contribution or hybrid RPPs	
	Men	Women	Men	Women	Men	Women
	percentage					
All employees aged 25 to 54	**35.6**	**41.2**	**24.3**	**32.6**	**11.4**	**8.7**
Canadian-born	38.7	44.8	26.3	35.8	12.3	9.0
Immigrants	27.1	31.7	18.4	23.9	8.7	7.9
Canadian-born age 25 to 34	26.0	37.5	17.4	32.1	5.7	5.4
Immigrants who lived in Canada less than 10 years	21.3	22.0	12.9	15.5	8.5	6.5

RPP: registered pension plan
Source: Statistics Canada, Longitudinal and International Study of Adults, 2012.

Table 7
Pension coverage by gender, wage decile and pension type, 2012

	Percentage of employees with					
	RPPs		Defined benefit RPPs		Defined contribution or hybrid RPPs	
	Men	Women	Men	Women	Men	Women
	percentage					
Hourly wage decile						
Bottom 10%	10.3	7.8	6.9	5.7	3.5	2.1
2nd decile	13.3	12.5	7.0	7.3	6.3	5.2
3rd decile	22.5	18.9	16.0	11.7	6.5	7.2
4th decile	30.3	38.0	19.1	26.2	11.3	11.9
5th decile	44.1	43.7	27.1	33.8	17.0	9.9
6th decile	43.4	54.1	28.7	39.0	14.7	15.1
7th decile	51.9	59.2	38.8	50.0	13.1	9.3
8th decile	63.6	71.1	44.8	59.2	18.8	11.9
9th decile	61.1	71.5	42.0	62.0	19.1	9.5
Top 10%	54.3	73.2	36.8	59.8	17.5	13.4
Hourly wage decile controlling for experience and education						
Bottom 10%	9.9	10.4	6.1	6.8	3.8	3.6
2nd decile	22.5	20.0	14.8	13.6	7.6	6.4
3rd decile	28.1	25.4	17.7	19.8	10.5	5.6
4th decile	31.6	41.3	22.3	30.8	9.4	10.4
5th decile	45.6	39.0	30.6	29.4	15.0	9.5
6th decile	49.7	54.1	32.2	44.6	17.5	9.5
7th decile	48.7	62.9	33.9	45.8	14.9	17.1
8th decile	53.9	65.9	38.5	56.3	15.4	9.6
9th decile	54.7	65.8	39.5	55.2	15.2	10.6
Top 10%	52.1	65.4	33.1	52.6	19.0	12.9

RPP: registered pension plan

Notes: Includes employees aged 25 to 54. The sample includes 8,232 observations with valid survey responses to the experience and education questions. Hourly wage deciles are gender-specific.

Source: Statistics Canada, Longitudinal and International Study of Adults, 2012.

Conclusion

Until recently, no Canadian dataset combined information on both worker sociodemographic attributes and pension plan characteristics. As a result, the question as to which workers were members of which pension plans remained unanswered.

Using data from the first wave of the Longitudinal and International Study of Adults, this paper fills this gap by showing how coverage by defined benefit pension plans and other pension plans varies by worker characteristic.

This study shows that, in 2012, women tended to have defined benefit plans more often than men because they are predominantly employed in education, health care, social assistance, and public administration. Even though young workers are generally covered by RPPs less often than their older counterparts—as a result of the decline in pension coverage observed over the last decade—those with a university degree were significantly more likely to be covered by DB plans than their counterparts with a high school diploma or less education. Highly educated workers also tended to benefit from more generous DB plans.

Along with highly educated workers, employees in large workplaces had better coverage, both in terms of defined benefit plans and other plans. The fact that highly educated workers and employees of large firms have both relatively high wages and high RPP coverage helps explain why coverage rates generally increase with wages.

Marie Drolet *is Senior Researcher and* ***René Morissette*** *is Assistant Director in the Social Analysis and Modelling Division of Statistics Canada.*

Data sources, methods and definitions

Data sources

The **Longitudinal and International Study of Adults (LISA)** is a new longitudinal household survey that collects social and economic data about the Canadian population every two years. The core survey content provides information on the interaction of labour market, education and family experiences, positions these events in the context of people's lives by recognizing the dynamics between yesterday's decisions and today's achievements, and links these transitions to outcomes within other areas of life. With LISA, Canada now joins many other countries such as the United States, Germany, the United Kingdom and Australia that maintain a longitudinal multi-topic household survey.

LISA collected information from 23,926 respondents living in 11,425 households in 2012. This study examines the pension coverage of employees aged 25 to 54 (who worked during the reference week or in the previous 12 months and who had positive employment income in the previous year). For multiple job-holders, the main job is identified as the job with the highest earnings in 2011. The resulting sample includes 9,536 employees.

Data from the T1 Family file (T1FF), the T4 Statement of Remuneration Paid (T4) and the Pension Plan in Canada file (PPIC) are combined with the LISA survey data to yield a rich profile of respondents. The registered pension plan number (available on the T4 slip issued to all paid workers by their employer for the purposes of declaring income taxes) is used to link detailed pension plan information from the PPIC data file for 2011. Of the sample of 9,536 employees, 2,791 were covered by defined benefit RPPs and 1,036 were covered by defined contribution or hybrid RPPs. The remainder had no RPPs.

Definitions

Registered pension plan (RPP): A plan the employer establishes to provide a pension to retiring employees. Regular employer contributions finance retirement benefits, and, in many cases, so do employee contributions and investment income resulting from these contributions.

Defined benefit (DB) plan: An RPP under which benefits correspond to a set amount or are determined with a formula providing a pension unit for each year of service.

Defined contribution (DC) plan: An RPP in which the value of accumulated contributions is applied upon employee retirement to provide pension income. As opposed to DB plans, the amount of contributions is known, but the amount of benefits is only known when employees retire. Employee benefits depend on investment profits and the pension accrual rate.

Hybrid/mixed plans (H/M plans): Hybrid plans provide the best of a defined benefit and a defined contribution option. Mixed plans provide income from both defined benefit and defined contribution portions. These two plans have been grouped because each has a DB and a DC component, albeit combined in different manners. In hybrid plans, some degree of risk is shared between the employer and employees.

Notes

1. To calculate the estimates in Chart 1 and Chart 2, the number of RPP members in the Pension Plans in Canada database was combined with annual employment data from the Labour Force Survey of the civilian Canadian population aged 15 and over to which the number of Canadian Forces members were added.
2. Morissette and Drolet (2001) show that most of the decline in RPP coverage among men between the mid-1980s and the mid-1990s can be accounted for by the movement of employment toward low-coverage industries and by a decline in unionization rates. Part of the increase in RPP coverage among women aged 35 to 54 was related to occupational shifts in employment and women's greater propensity to hold relatively well-paying jobs, which tend to have high RPP coverage.
3. The LISA and PPIC/LFS yield similar estimates of the proportions of workers with an RPP, a DB plan or a DC/Hybrid plan despite slight differences in target population.
4. The gender differences in DB and DC or H/M coverage are statistically significant at the 1% level.
5. Frenette and Morissette (2014) show that the wage differences between young bachelor's degree-holders and high school graduates narrowed during the 2000s as increases in economic activity fuelled by the oil boom raised demand for less-educated workers to a greater extent than it did for more-educated workers.
6. Consistent with the decline in male RPP coverage shown in Chart 1, men aged 25 to 34 have lower RPP and DB coverage than their counterparts aged 45 to 54.

7. DB plans based on 'average best earnings' or 'final average earnings' tend to provide more generous benefits than those based on 'flat benefits'. The benefit formula in average best earnings plans is based on the highest average earnings for a specified number of years (e.g., best five years) or for a specified number of years immediately prior to retirement (as in plans based on final average earnings). A flat benefit plan provides a fixed benefit not related to earnings but provides a dollar amount of monthly pension for each year of service (Frenken 1995). 'Career earnings' plans provide lower retirement income than plans based on average best earnings or final average earnings if individuals' earnings grow over their career, which is generally the case.
8. These cross-educational differences in the generosity of DB plans remain after controls are used for industry effects.
9. See Friedberg and Webb (2005).
10. Coverage rates by tenure are not shown in Table 4 for workers aged 25 to 34 since very few of them have more than 15 years of tenure.
11. See Friedberg and Webb (2005).
12. See Gustman et al. (1994).
13. See Frenken and Maser (1992) and Morissette (1993).
14. See Statistics Canada (2008).

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