



# How Canadian Employers Can Support Retirement Readiness

by | **Jessica Sclafani**

Concerns about inflation and the possibility of a recession weigh heavily on employees' and employers' minds. The author explores ways employers can help employees build financial confidence and stay on track toward their retirement goals, even in uncertain times.

**A**s economic uncertainty, inflationary pressures and shifting retirement expectations reshape the global pension landscape, employers face new challenges in supporting their workforce's financial well-being. The *2025 Global Retirement Savers Study* from T. Rowe Price examines the priorities, concerns and preferences of retirement savers across five of the world's largest retirement markets—Canada, the United States, the United Kingdom, Australia and Japan. The goal of this research is to offer actionable takeaways for defined contribution (DC) plan sponsors and human resources (HR) professionals to enhance workplace retirement programs and better serve diverse employee needs.

For Canadian employers, these findings illuminate how employees view their workplace retirement plans; what drives their financial confidence; and

where gaps exist in advice, education and plan design.

### Economic Outlook: Canadian Retirement Savers Are Pessimistic, Inflation Is a Top Concern

Investing is not a wholly rational exercise, and understanding retirement savers' concerns—related to their economic views or personal financial challenges—can help organizations sponsoring a retirement plan craft messages and build investment solutions that are more likely to resonate and be impactful. For example, one of the most striking findings from this research is the split in economic expectations among global retirement savers. Half expect a recession by mid-2026, but Canadians are more pessimistic than their global peers. Fifty-six percent (56%) of Canadian respondents anticipate a downturn—a higher percentage than

the global average (50%) and notably above the U.S. (48%), Australia (43%) and the U.K. (42%). Only 33% of Canadians expect economic growth in the next year, and 9% remain unsure.

Like financial markets, retirement savers hold divided views on the economy's direction. Over the past decade, investors have experienced two global slowdowns, heightened volatility in both stocks and interest rates, and inflation shocks. This economic backdrop understandably creates mixed economic expectations that can influence retirement savings and investment decisions. Recognizing that more than half of Canadian respondents anticipate a recession, emphasizing the importance of continuing to contribute to the retirement savings plan and staying invested is particularly important.

Inflation is the number one economic worry, cited by 42% of global respondents and echoed by Canadians. Geopolitical events (30%) and interest rates (27%) also weigh heavily on minds, while personal financial stress amplifies these concerns. For employers, this means that employees' day-to-day budgeting worries are likely affecting their retirement confidence and potentially their engagement with workplace plans. Concerns about inflation and interest rates likely reflect their direct impact on day-to-day budgeting and near- to medium-term savings goals—from rising food costs to higher borrowing costs for significant purchases (e.g., cars or homes). These concerns are particularly acute for retirement savers who describe themselves as “very financially stressed,” as they likely have less ability to absorb higher prices.

#### Takeaways

- Acknowledge economic anxiety. Employees are deeply concerned about inflation and a recession. Retirement plan communications and seminars should address these directly, explaining how workplace plans can help buffer economic shocks.
- Acknowledge power of the default investment. Despite an expressed preference to choose retirement investments, most retirement plan contributions are directed to the default investment. Leverage the plan's target date provider and recordkeeper to deliver target date fund communications that explain how a diversified, professionally managed solution can position savers for retirement success.
- Expand and promote personalized advice. Despite digital advancements, employees—especially women and older savers—want one-on-one advice. Consider offering advisor consultations, and actively promote online/video tutorials. Use multiple channels, and consider personalized invitations for those less likely to seek out resources.
- Close awareness gaps. Large segments, particularly women and lower income employees, lack awareness of available plan resources. Use targeted email campaigns, workshops and onboarding materials to ensure that all employees understand their options.
- Provide clear retirement road maps. Employees want help setting and monitoring goals, more than investment selection or asset allocation guidance. Provide calculators, projection tools and step-by-step guides tailored to your plan's features to help employees prepare for retirement.

## T. Rowe Price Global Retirement Savers Study Methodology



### What?

**20-minute online survey** in Australia, Canada, Japan, the U.K. and the U.S.

**In Canada**, the survey was offered in both English (859 respondents) and French (141 respondents).



### When?

Data collection took place from **June 24 to July 31, 2025**.



### Who?

**7,010 global savers:**

- Australia (n=1,000)
- Canada (n=1,000)
- Japan (n=1,006)
- U.K. (n=1,003)
- U.S. (n=3,001)

The data are weighted to provide equal representation across all countries.

- Representative of the population of workers contributing to their employer-sponsored retirement plan (on age, gender and region) in each country
- Ages 18+
- Currently contributing or eligible to contribute to a defined contribution (DC) or similar account-based workplace retirement plan
- Employment requirements:
  - Full time or part time; never retired
  - Not a government employee (U.S. only)
  - Not working in investment banking or securities-related activities (U.S. and Canada only)

### **Action point for organizations sponsoring a retirement plan:**

Employers can partner with their retirement plan providers to address inflation and recession worries directly in communications and education. Providing timely, relevant information on how workplace retirement plans can help mitigate inflation risk—for example, through multi-asset, professionally managed investment solutions like a target-date fund—can reassure employees and keep them invested and on track toward their retirement goals.

### **Investment Choice: Aspirational Preferences vs. the Reality of Default Investments**

More than two-thirds of global retirement savers (68%) prefer to choose how their retirement savings are invested, though this group is roughly split between those who want choice with educational support (35%) and those confident in their investment decisions (33%). About one in five (22%) global retirement savers prefer

that their retirement savings be automatically invested for them. Canadian retirement savers are the most likely to favour default investments (27%), while Japanese retirement savers express the least comfort with a default investment (16%).

Among global retirement savers who prefer default investments, nearly half (47%) cite “(I) think it’s best for a professional to choose” as the basis for this preference. Canadian retirement savers were more likely than the global average to prefer a default investment approach because of a lack of time and/or interest in choosing their retirement investments, six percentage points higher than the global average (33% of Canadians compared with 27% of global retirement savers).

Taking a closer look at investment preferences reveals that professional management particularly appeals to women and older generations. About one in four (26%) female retirement savers prefer a default investment compared with about one in five (19%)

male retirement savers (33% of Canadian females and 22% of Canadian males prefer the default). From a generational lens, the share of global retirement savers preferring a default nearly doubles from Gen Z (16%) to Baby Boomers (31%). Conversely, the share who prefer choice and are confident in their ability to choose their investments declines from Gen Z (37%) to Baby Boomers (30%), suggesting a preference for a professionally managed, total portfolio solution among older savers and, ideally, those who have accumulated some retirement savings.

### **Action point for organizations sponsoring a retirement plan:**

While many retirement savers indicate that they would like to choose their retirement plan investments, default investment adoption rates suggest this is an aspirational preference. It is best practice for employers to regularly review the DC plan’s default investment option to ensure it is sufficiently diversified and appropriate for their work-

force demographics. When selecting a default investment provider, it is important to use a value for cost framework to balance fee considerations and support adequate retirement outcomes for members.

### Sources of Advice: Workplace Is Central, but Gaps Persist

The study finds that three of the top four most relied-upon sources of advice are workplace-related—the company managing retirement plans (recordkeeper) and human advisors (fee- or commission-based)—and that these are tied as the most relied-upon sources globally. Canadians show especially strong reliance on human advisors (30%) alongside their peers in the U.K. and U.S.

Despite the proliferation of digital resources, one-on-one consultations with financial advisors ranked as the most helpful format for retirement education, especially among older workers and women. However, only 30% of global respondents recall their workplace offering such consultations. In Canada, 32% either do not know what is offered or believe nothing is provided. Women and lower income employees are less aware of workplace resources, suggesting that underserved populations are less aware of workplace resources.

Following one-on-one consultations, online courses or video tutorials rank second among global retirement savers in terms of programs considered most helpful for retirement education.

#### **Action point for organizations sponsoring a retirement plan:**

Employers may explore options to offer employees access to advice, whether through one-on-one consultations or online courses or tutorials. Given the low reported awareness of these resources among Canadian retirement savers, employers may want to focus on promoting and publicizing these capabilities. This could include targeted outreach to groups with lower resource awareness—such as women and lower-income staff—to close the advice gap and promote equity.

### Retirement Confidence: Low, but There Is Opportunity to Tie to Positive Saving Habits

Less than one-third (32%) of Canadian retirement savers describe themselves as very confident regarding retirement, in line with the global average of 30%. More specifically, only 31% of global respondents expect to maintain or improve their standard of living in retirement, and 17% fear running

## BIO

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out of money. Canadian employees mirror this uncertainty, with only a minority feeling confident about withstanding financial shocks or affording health care in retirement. Notably, about half (52%) of global retirement savers who think they are contributing enough to their retirement plan are very confident about retirement (versus 15% who are not contributing enough). This data suggests a relationship between positive saving habits and retirement confidence.

Many employees expect to work in retirement: Over one-third of employees globally, including Canadians, anticipate getting at least part-time work after retiring. This expectation becomes more prevalent as workers age, with 41% of global retirement savers age 50+ anticipating that they will continue to work (full-time or part-time) in retirement. Findings suggest that there is no consensus on how global workers determine when they will be able to retire. For example, younger employees are more likely to tie retirement to savings milestones (e.g., at a specific age), while older workers focus on government benefit eligibility. Notably, 63% of global workers age 50+ expect to retire after age 65, compared with 42% of those ages 18-34. Nearly half (47%) of Canadian retirement savers expect to retire at age 65 or older, while 36% expect to retire before age 65, and the remainder are either unsure or do not expect to retire.

#### **Action point for organizations sponsoring a retirement plan:**

Employers can build retirement confidence by providing personalized projections, goal-setting tools and clear benchmarks for retirement readiness. While retirement confidence

is intangible, understanding the relationship between contribution rates and increased confidence can help put employees on a path toward retirement confidence.

### Building Retirement Confidence in a Changing World

Employers play a central role in shaping their workforce's financial future. By refining plan designs, expanding access to advice and education, and targeting communications to underserved groups, employers can help employees overcome uncertainty and build genuine retirement confidence. As the retirement landscape evolves, employers that act on these insights will be best positioned to deliver value, attract talent and foster long-term well-being for all employees. ☞

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