

It’s time for national cooperation on retirement income security

To Federal, Provincial and Territorial Finance Ministers:

Canada has a retirement income system of which we can be proud. It consistently places us among the best in the world and has dramatically reduced the incidence of elderly poverty. That said, there are pockets of our population who are not as well-prepared for retirement as they could be. These shortfalls are specific to certain segments of our population. Hence, any “one-size-fits-all” approach could prove harmful to the economy as a whole and be unnecessary for many.

We believe that the time has come to take a targeted approach to addressing any shortfalls. Such an approach should be national in scope. It should be fair, so that it doesn’t introduce inter-generational transfers or require over-saving where it is not needed. It should be cost-efficient and easy to implement. It should minimize administrative burdens for employers. And it should be good for the economy.

There are three specific segments not on track to maintain their standard of living in retirement:

- 1) A small percentage of lower-income Canadians live below the poverty level, particularly the widowed elderly. The commitment in the federal budget to increase Guaranteed Income Supplement (GIS) payments will provide some assistance in easing this situation. But more could and should be done, such as eliminating the claw-back for a surviving spouse under the Canada/Quebec Pension Plan.
- 2) Up to 25% of modest-income Canadians (say above \$27,500) are not on track, largely because they do not save outside of the public system and/or do not have workplace plans. This group would benefit most from a modest increase in C/QPP contributions that would help meet their needs.
- 3) Up to a third of higher-income Canadians are not on track to maintain their standard of living in retirement because they do not have a workplace plan or don’t maximize their participation in one, or they do not have sufficient private savings. This group as well as all Canadians should have access to a retirement plan at the workplace, where it is easiest to save.

The undersigned urge all governments to pursue a national, multi-faceted approach to improve retirement income security for all Canadians.

Sincerely,

Advocis	Atlantic Chamber of Commerce
Business Council of British Columbia	Canadian Life and Health Insurance Association
Conseil du patronat du Québec	Fédération des chambres de commerce du Québec
Financial Planning Standards Council	Generation Squeeze
Investment Funds Institute of Canada	Investment Industry Association of Canada
Manitoba Chambers of Commerce	Ontario Chamber of Commerce
Portfolio Management Association of Canada	Saskatchewan Chamber of Commerce
Toronto Financial Services Alliance	