

Taking the Next Step on Retirement Security

The Challenge

For nearly a hundred years, Canadians' retirement security has rested on three pillars: public pensions, private workplace pensions and private savings (mostly in the form of home equity).

Today, all three of those pillars—pillars that Canadians have relied on—face serious challenges.

Our public pension system has never been stronger or better funded, but the benefits it pays out have not kept up with the needs of the public.

Consumer debt has eaten into Canadians' private savings, spurred on by credit cards and lines of credit. Housing bubbles abroad have led many Canadians to wonder if even their own home equity may be at risk.

Most of all, our traditional system of private workplace pensions has failed to adapt to the realities of a changing world—a world in which fewer and fewer Canadians remain with a single employer throughout their entire career.

The erosion of the traditional workplace pension has given rise to a patchwork system of private investment. Where workplace pensions still exist, they increasingly take the form of mandatory contribution plans rather than guaranteed benefit plans (defined contribution/defined benefit). Where guaranteed benefit plans still exist, successive Liberal and Conservative governments have allowed them to be systematically underfunded. More and more Canadians find themselves alone and adrift when it comes to investing for their retirement—forced to choose between shouldering the risk of investing on their own or paying exorbitant management fees to large financial institutions. At present, management fees devour as much as 40-50% of financial returns over the life of an investment.

The status quo is unsustainable.

50 years ago Tommy Douglas made a commitment that all Canadians ought to have access to quality medical care regardless of their ability to pay.

Our party has made a similar commitment for a new century: every Canadian ought to be able to save for their retirement in a guaranteed pension that can never be lost and never be taken away.

Our party must now take a pragmatic, step by step approach to making that promise a reality.

As Leader of the New Democratic Party, Thomas Mulcair would propose innovative new ideas to build on existing party policy and provide all Canadians with security in their retirement.



The Harper Failure

Stephen Harper has utterly failed to address the growing retirement security crisis. His record consists of a mixture of failed plans, ignored proposals and an active effort to undermine existing guaranteed benefit pension plans (particularly for the public service).

- Harper ignored parliament's passage of the NDP's Seniors' Charter calling for housing, healthcare and income security for retirees
- Harper also ignored the passage of the NDP's Veterans First motion calling on the government to lift restrictions on veterans' pensions
- The Harper government's Pooled Registered Pension Plans provide Canadians with few new options while ensuring windfall profits for Bay Street
- The 2008 budget estimated that Harper's Tax Free Savings Account plan will explode in cost from \$30 million a year now to over \$3 billion a year when fully operational—while failing to help the low-income families Harper claimed it would

Taking the Next Step: Public Investment and Private Reform

Tackling the growing retirement security crisis will require action on all fronts.

We must begin by bolstering the public pension system to provide benefits that meet the growing needs of Canadians. This will include working with the provinces to increase benefits under CPP/QPP, increasing the GIS and allowing individuals to top up their public pension contributions with additional funds.

We must also reform workplace pensions. The NDP has proposed a variety of reforms in this regard. They include pension insurance, changes to bankruptcy laws and adopting orphaned pension plans. But still more will be required to resolve this crisis.

As Leader of the New Democratic Party, Thomas Mulcair would propose building on existing NDP policy and working with the provinces to create a **"pension exchange" that would provide every Canadian the option to invest for their retirement through a guaranteed benefit pension plan that would be insured, portable and could never be taken away.** This pension exchange—CPP+/QPP+—would be operated by the Canada Pension Plan and would offer a new public investment option alongside existing private savings plans thus ensuring lower management fees and higher rates of return.

Strengthening our public pension system

- Work with the provinces and territories to double the maximum CPP/QPP benefit to up to \$1920/month
- Increase the Guaranteed Income Supplement to eliminate poverty among seniors
- Let Canadians make voluntary contributions to their individual CPP/QPP pension accounts managed on their behalf by the highly successful CPP Investment Board

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Reforming our private pension system

- In cooperation with the provinces, create a CPP+/QPP+ pension exchange to ensure every Canadian has access to a guaranteed benefit pension
- Amend federal bankruptcy laws to move pensioners and long-term disability recipients to the front of the line
- Develop a national pension insurance program to guarantee pensioners a minimum benefit in the event of bankruptcy or failure
- Create a national facility to adopt workplace pension plans from companies in bankruptcy or difficulty and operate them on a going-concern basis

The Pension Exchange: CPP+/QPP+

- Provide all Canadians access to a guaranteed benefit pension
- Offer Canadians a publicly run alternative to existing private investment funds by allowing them to make additional voluntary contributions to their individual CPP/QPP pension accounts managed on their behalf by the highly successful CPP Investment Board
- Additionally, allow governments, employers and unions to offer retirement savings plans alongside existing banks and financial institutions
- Increase Canadians' bargaining power with investment managers and financial institutions by creating large, managed pension funds cutting across multiple employers
- Allow older Canadians to shift existing savings into CPP+/QPP+ investment funds or contribute at higher rates to increase their retirement savings
- Require private plans offered through the exchange to insure at least 80% of the benefits guaranteed under the voluntary CPPIB contribution option
- Leverage the existing CPP/QPP payroll deduction system to offer Canadians automatic enrolment in the pension plan of their choice and make employer-based pension plans fully portable
- Allow provinces to choose whether to participate in the CPP+/QPP+ pension exchange system and provide options for doing so

