

CARP Submission on Pension Reform: Nova Scotia Department of Finance

*Supplementary Pension Plans as Mechanisms for
Reaching Retirement Savings Adequacy*

September 2010



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Recent activity on the pension reform front is certainly encouraging, but reform must still move from general agreements and interprovincial discussions into the territory of real and meaningful policy change.

The core goal of any country's pension system is to provide an adequate system available to the full breadth of the population that is sufficient to prevent poverty in old age. It must be affordable by the employers and employees and other participants and robust enough to withstand major shocks, including economic, demographic, and political volatility. Recent events have demonstrated that Canada's retirement system is not meeting this goal in part because of inadequate pension coverage.

In recognition of the need for pension reform, the finance ministers, after their meeting in Prince Edward Island in June 2010, declared their intention to consider a modest enhancement of the CPP and to permit the private sector to "offer broad-based defined contribution pension arrangements to multiple employers, all employees and to the self employed".

The proposed Canadian Pension Plan (CPP) expansion may prove helpful to many Canadians but the success of pension reform will depend on the magnitude and timeliness of the expansion and the adequacy of supplementary pension savings vehicles.

A gradual phasing in of increased benefits over decades will leave many older Canadians with insufficient retirement income. Given the expected modest level of CPP expansion proposed, supplementary pension plans will need to bridge the gap between the current retirement income available under the three pillars of Canada's retirement system and the recommended level of pension adequacy, which is between 60 and 70 percent of pre-retirement income.

CARP's principal focus with regard to the larger issues of pension plan coverage and savings adequacy has been on the 3.5 million middle income earners working for smaller employers and the 4.9 million earning less than \$30,000 per year.¹ This grouping of 8.4 million Canadians tends not to have occupational plans and is most at risk for retirement income inadequacy. This submission aims to establish that modest, phased in, CPP expansion must be complemented by universally accessible supplementary pension plans to help millions of Canadians reach retirement income security.

It will also speak to a number of questions raised by the *Nova Scotia Consultation Document*. The modest CPP expansion alone cannot achieve the goal of universal savings adequacy. Supplementary pension plans must be designed to maximize participation by employees, self-employed, and unemployed Canadians. Indeed, as the proposed model of supplementary plan is based on existing multi-employer plans, CARP strongly urges the adoption of a number of plan features that will serve to mitigate the risks often associated with large, privately administered, employer sponsored pension plans, while also addressing the broader economic and social implications of providing Canadians with new robust retirement savings vehicles.

Who We Are

CARP is a national, non-partisan, non-profit organization with over 300,000 members across the country. CARP is committed to advocating for social change that will enhance the quality of life for all Canadians as we age. Financial security is a principal concern for our members and our advocacy. These are our recommendations to help Canadians achieve retirement income security.

CARP RECOMMENDATIONS:

I. CPP Expansion

1. CARP recommends that the CPP expansion be made at a level that will substantially improve on the adequacy of retirement income now provided by the CPP and that it be supplemented with both Pillar One and Pillar Three improvements to provide adequate levels of retirement income. CPP Expansion is a welcome advance in providing more income security on a universal, mandatory and defined benefit basis. However, the modest levels of increase proposed alone cannot provide the 60 – 70 percent that is considered the acceptable replacement rate for middle-income earners.

II. Proposed Supplementary Pension Plans

2. CARP recommends that proposed supplementary pension plans contain the features of a universal pension plan modeled on the CPP providing targeted or defined benefits with mandatory or auto-enrolment, utilizing the existing payroll deduction mechanism, professional management, a governance role for members, a mandate that is focused entirely on optimal performance and independence from government or any single employer.

III. Plan Features Designed to Minimize Risks Associated with Large, Private, Multi-employer Plans

3. Newly created supplementary pension plans should be universally available to the employed, self-employed, and even the unemployed, regardless of whether the employer has enrolled in the plan. Similarly, the plans should be mandatory or based on auto-enrolment, with the possibility for individual opt-outs.
4. Savings adequacy should be an integral goal of a multi-employer pension plan.
5. Supplementary MEPPs should offer defined benefits, which are superior to defined contribution plans in cost/benefit and resistance to market fluctuation.
6. Supplementary MEPPs should operate under regulated maximum Management Expense Ratios (MER) and have governance and accountability mechanisms that properly balance the interests of employers, employees, and retirees.
7. Supplementary MEPPs should be of a sustainable size and offer benefit portability to plan participants.

The Need for Universal Supplementary Pension Coverage

The core goal of any country's pension system is to provide an adequate system available to the full breadth of the population that is sufficient to prevent poverty in old age. It must be affordable by the employers and employees and other participants and robust enough to withstand major shocks, including economic, demographic and political volatility. Recent events have demonstrated that Canada's retirement system is not meeting this goal in part because of inadequate pension coverage.

For the past several decades, the percentage of Canadians over 65 living with low incomes had been in decline.ⁱⁱ The number of Canadians over 65 living below the low-income cut-off (LICO) had reached a low of 7 percent in 2003 down from 21 percent in 1980. However, that progress towards eradicating poverty in old age has stalled as the benefit from CPP has matured.

The Organization for Economic Cooperation & Development (OECD), which uses median household income to determine the poverty line, estimates that 4.4 percent of Canadians over 65 – almost 200,000 individuals – live in poverty. Using the LICO measure, 7 percent or approximately 300,000 Canadians over 65 are impoverished. Regardless of the measure, too many Canadians over 65 live in poverty. Countless more may not be defined as officially impoverished, but live in constant financial insecurity nevertheless, teetering on the edges of poverty lines.

A federal report from 2006 noted that for the five years from 2001-2006, the number of Canadians over age 55 who declared bankruptcy had grown steadily.ⁱⁱⁱ In 2006, 7,797 people in this age category filed for bankruptcy and by 2009, the number had more than doubled to 15,700. The increased bankruptcy rate among older Canadians is worrisome as an individual's ability to recover financially is reduced in advanced stages of career and life. Indeed, the report cited "bankruptcy as an economic adjustment tool for the aging Canadian population." An increasing number of older Canadians are forced to over-extend financially just to make ends meet.

Overwhelmingly, older Canadians preparing for retirement are unsure of their ability to live securely past their working years. Seventy-two percent of pre-retirees are concerned about "maintaining a reasonable standard of living for the rest of their life" and almost half admit to being unprepared for retirement.^{iv} Not surprisingly, 87 percent of pre-retirees expect to receive income from public pensions, but 21 percent are not confident that such support will not decline over the coming decades. Canadians are becoming too familiar with the threat of insecure retirement.

In fact, 54 percent of Nova Scotia citizens between the ages of 18 and 71 will rely exclusively on CPP, OAS and GIS for their retirement security because they do not contribute to workplace or private savings mechanisms.^v

Such data suggests that pension reform requires more than minor adjustments. A growing and aging contingent of working Canadians needs existing government pension mechanisms to reflect contemporary challenges. Most importantly, however, 8.4 million Canadians need new pension instruments to cover existing gaps in savings adequacy.

CARP recommends the creation of a Universal Pension Plan [UPP] to provide a retirement savings vehicle that is universally accessible and affordable, provides an adequate level of retirement income and is robust enough to withstand the kinds of demographic and economic challenges of recent years.

The UPP is modeled on the CPP providing targeted or defined benefits with mandatory or auto-enrolment, utilizing the existing payroll deduction mechanism, professional management, a governance role for members, and a mandate that is focused entirely on optimal performance and independence from government or any single employer.

In recognition of the need for pension reform, the finance ministers, after their meeting in Prince Edward Island in June 2010, declared their intention to consider a modest enhancement of the CPP and to permit the private sector to “offer broad-based defined contribution pension arrangements to multiple employers, all employees and to the self employed.”

CPP expansion is a valuable part of pension reform, but the modest level of the proposed changes and phased-in implementation means there will remain an unmet need for robust, affordable, and universal retirement savings plans for all Canadians.

The “pension innovation” suggested by the finance ministers in PEI did not suggest publicly administered supplementary pension plans, but rather multi-employer pension plans (MEPP) administered by the private sector. MEPPs, like CPP expansion, represent a move in the right direction in offering Canadians safer, more robust, and reliable means of saving for retirement. Private sector administered pension plans, however, are vulnerable to risks, from inappropriate investment risk taking and accountability gaps, to lack of portability and high management costs.

CARP RECOMMENDATIONS:

I. CPP Expansion

1. CARP recommends that the CPP expansion be made at a level that will substantially improve on the adequacy of retirement income now provided by the CPP and that it be supplemented with both Pillar One and Pillar Three improvements to provide adequate levels of retirement income. CPP Expansion is a welcome advance in providing more income security on a universal, mandatory and defined benefit basis. However, the modest levels of increase proposed alone cannot provide the 60 – 70 percent that is considered the acceptable replacement rate for middle income earners.

Given the expected retirement income levels associated with the three pillars of Canada’s retirement system (OAS/GIS, CPP, RPP/RSSP/TFSA) Canadians close to the median income levels or higher face a significant risk of savings inadequacy in retirement. For individuals below the median income level, the 60 to 70 percent savings adequacy may be more achievable, but in absolute terms, \$16,000 to \$19,000 annually – the maximum current range of benefits for retirees with no personal savings - is inadequate.^{vi}

Even with the guaranteed income supplement (GIS) and old age security (OAS), which as of July 2010, combine to a total monthly maximum benefit of \$1180.00, too many Canadians straddle the poverty threshold. Increases to both GIS and OAS could go a long way to helping those at the lowest income level overcome poverty. The CPP expansion alone, while welcome, is insufficient to help Canadians achieve retirement income adequacy.^{vii}

First, the proposed reforms will be *phased-in*, so that individuals close to retirement now will receive little or no benefit from CPP expansion, leaving many with inadequate income for their retirement.

Second, pursuing the maximum expansion proposed in the *Nova Scotia Consultation Document* would still not meet adequacy requirements for most Canadians. For example, expanding the current targeted replacement rate from 25 percent to a maximum proposed 35 percent *and* increasing the yearly maximum pensionable earnings (YMPE) from \$47,200 to \$70,000 would still only result in a maximum CPP benefit of \$24,500 per year at the highest level of income. This amount reflects the most ambitious option contained within the *Nova Scotia Consultation Document*. Even the maximum of \$24,500 per year, however, would only be reached in several decades, when the phase-in is complete, and would still prove inadequate to the needs of retirees.^{viii}

Doubling the replacement rate far exceeds the proposed modest approach to CPP expansion. Yet, even a doubling of the replacement rate from 25 to 50 percent, while beneficial and affordable in absolute terms, would not provide sufficient additional retirement income. For example, at a 50 percent replacement rate and a maximum YMPE of \$47,200, yearly CPP benefits would rise from the current maximum of \$11,800 to \$23,600. Doubling the replacement rate would cost, at the highest level, an additional \$216 per month in contributions split between the employer and employee. While affordable, even doubling the CPP replacement rate would leave most Canadians without the required 60 to 70 percent income replacement rates.^{ix}

In effect, any CPP expansion will help bolster retirement incomes, but the amounts, even at the highest levels (even levels that are beyond the *modest* threshold), will be insufficient to reach the necessary income replacement levels. For low-income earners, nominal replacement rates may be reached, but the actual amount of pension income would still likely be insufficient for a decent standard of retirement living. CPP expansion is certainly a move in the right direction, but millions of Canadians will still need some form of supplementary retirement income in order to reach adequate income replacement rates and avoid precipitous drops in their standard of living in retirement.

II. Proposed Supplementary Pension Plans

2. CARP recommends that proposed supplementary pension plans contain the features of a universal pension plan modeled on the CPP providing targeted or defined benefits with mandatory or auto-enrolment, utilizing the existing payroll deduction mechanism, professional management, a governance role for the members, and a mandate that is focused entirely on optimal performance and independence from government or any single employer.

The PEI announcements acknowledge that there is a need for supplementary pension plans to help those without workplace pension plans to better save for their retirement.

The C. D. Howe Institute estimates that “3.5 million Canadian workers (i.e., one-quarter of the workforce, mainly middle-income, working for smaller employers) constitute the primary group most likely to be on an inadequate retirement saving track” and would therefore benefit from access to a supplementary pension plan beyond public pension benefits.^x This estimate, however, excludes the 4.9 million workers who earn less than \$30,000 and the high net worth groups.

The need for supplementary pension plans was echoed by the Ontario Expert Commission on Pension Reform Report "A fine balance".

"...details varied. Some urged an expansion of the existing CPP structure so as to either increase the benefit ..., or to increase the maximum earnings on which the benefits accrue ... or both. Others suggested allowing employers and employees to voluntarily make extra contributions to the CPP (to be invested by the Canada Pension Plan Investment Board) to buy commensurate extra benefits (administered at a low marginal cost within the existing CPP framework). No matter the details, those making these submissions maintained that a public scheme of some sort would enhance pension coverage, improve benefit portability, and contain costs. [Emphasis added.]"

~Ontario Expert Commission on Pension Reform Report "A fine balance"^{xi}

There is small likelihood of any growth in workplace pensions sponsored by private sector employers. While 85 percent of public sector workers have an employer sponsored pension plan, only 26.4 percent in the private sector have access to such a plan.^{xii} Nearly 30 percent of Canadian families have no retirement savings at all.^{xiii} A number of reasons have been advanced to explain the lack of employer sponsored pension coverage in Canada, such as its voluntary nature and the financial and legal complexity and costs involved that make it virtually impossible for smaller employers to participate.

III. Plan Features Designed to Minimize Risks Associated with Large, Private, Multi-employer Plans

3. Newly created supplementary pension plans should be universally available to the employed, self-employed, and even the unemployed, regardless of whether the employer has enrolled in the plan. Similarly, the plans should be mandatory or based on auto-enrolment, with the possibility for individual opt-outs.

Universal access and widespread enrolment in any new retirement savings vehicles should be a primary goal of pension reform. The PEI announcements envision a voluntary system and issue is whether it is sufficient to fulfill the goal of universality.

In the decades after the CPP was established, and despite tax incentives, a significant proportion of employers and individuals have not voluntarily established adequate private retirement savings plans. Many of those who have, watched as their savings evaporated during the recent recession. In such a climate, the mere existence of a broadly based, well managed and affordable savings vehicle without the fiduciary liabilities and administrative costs of private pension funds could be enough to attract sufficient participation from both employers and employees. The successful uptake of the Tax Free Savings Account [TFSA] is often cited as an example of a voluntary offering establishing good market penetration in just over a year.

In order for an MEPP to ensure that it will reach a sustainable size in a reasonable time, it should be mandatory or based on auto-enrolment. Research from the US has shown that auto-enrolment in 401K accounts had positively benefited most participants, raising the contribution levels of all participants generally, but especially those of younger employees and lower income earners.^{xiv} The goal should be to provide access to the broadest possible reach of the population. A mandatory plan ensures that goal would be reached.

CARP members overwhelmingly support a mandatory system. A survey conducted through CARP *ActionOnline* offers insight into the opinion of CARP members who responded.^{xv} Of the 4,045 members surveyed, over 91 percent believed that there should be mandatory contributions from both employers and employees. The majority of the CARP *ActionOnline* subscribers are CARP members between the ages of 65 and 74, mostly retired and their judgment that a mandatory vehicle is preferable is informed by their actual retirement experience.^{xvi}

Self-employed individuals should be eligible to participate in a supplementary plan as they are under the CPP. If the plan is voluntary, employees whose employers opt-out should also be able to participate on their own. In addition, those with partnership income, business income, and investment income should be eligible for some form of coverage. This increases the opportunity for individuals who might otherwise have invested in RRSPs to choose to contribute to the supplementary plan and take advantage of the economies of scale and professional management.

4. Savings adequacy should be an integral goal of a multi-employer pension plan.

A frequently cited goal is that retirement income from all sources, including OAS and CPP/QPP, must provide between 60 and 70 percent of pre-retirement income. The existing public service pension plans typically provide a target income replacement of 70 percent of final earnings integrated with CPP/QPP benefits after a 35-year career. However, this ratio is not necessarily appropriate for all income levels or high net worth individuals.

Further, some upper limit must be set for the MEPP not only to allow for such differences but also to preserve some level of flexibility for personal choice. For example, the 2009 maximum pensionable earnings limit set in the tax system for defined benefit registered pension plans was \$122,222. At present, the CPP is set to provide a maximum retirement pension at age 65 of 25 percent of the five year average YMPE, which for 2010 is set at \$47,200 and results in a maximum CPP retirement pension in 2010 of \$11,800. This is a maximum amount and most Canadians only get a fraction of that amount each year.

Together with OAS and GIS, a typical retiree relying solely on the current public pension benefits would have to live on \$16,000 to \$19,000 annually.^{xvii} These first two pillars in Canada's retirement system are sufficiently *universal* but insufficient to provide an *adequate* retirement income and arguably insufficient even to prevent poverty in old age.

CPP contributions from both employers and employees total 9.9 percent of the YMPE (\$47,200 in 2010). Public sector pensions come with a high cost of contributions that can vary between 18 and 33 percent of total payroll, depending on how it is measured. Few private sector employers offer pensions this costly.^{xviii} CARP member polling found that two-thirds of respondents said they needed 70 percent or more of their pre-retirement income to retire comfortably while just under a third were prepared to live on 50 percent of their pre-retirement income. A quarter were prepared to set aside 18 percent or more of their income (in total employer and employee contributions) to save for their retirement while half were prepared to contribute only 10 percent in total.^{xix}

The discussion going forward should address the needed amount of coverage to bridge all or part of the gap between the 25 percent that the CPP provides (or the maximum after current reforms are settled) and the top-up to 70 percent that public sector workers currently receive under their pension plans. Any new MEPPs established under the new regime should meet a minimum level of adequacy in order to substantively improve on the investments products already in the market.

5. Supplementary MEPPs should offer defined benefits, which are superior to defined contribution plans in cost/benefit and resistance to market fluctuation.

Defined benefit Plans are often cited as too expensive to maintain, which accounts for fewer employer plans offering the predictable and dependable plans. DC plans, meanwhile, have proven vulnerable to market fluctuations.

Again, the CPP recommends itself, not only because its benefits are predictable but also because of its ability to rely on the present value of its mandatory future contributions as a buffer against investment and market risks. Various options have been proposed, including hybrid plans, target benefit plans, and life cycle investing, among others. There will be a trade-off between predictability and sharing investment risks with other plan contributors that must be debated openly.

Recent research, moreover, shows that DB plans are more affordable and produce greater returns than previously thought.

In this environment, some have proposed replacing traditional defined benefit pensions [...] defined contribution retirement savings plans in an effort to save money. But decision makers would be wise to look before they leap. To deliver the same level of retirement benefits, a DB plan can do the job at almost half the cost of a DC plan. Hence, DB plans should remain an integral part of retirement income security in an increasingly uncertain world because they offer employers and employees a better bang for the buck.”

~A Better Bang for the Buck^{xx}

First, DB plans better manage longevity risk, or the chance of outliving your money in retirement. By pooling the longevity risks of a large group of individual investors, DB plans avoid the “over saving dilemma,” - saving more in funds than people need on average to avoid running out of retirement income, as is inherent in DC plans. Consequently, DB plans are able to produce more with less.

Second, DB plans, unlike individual investors, do not age; they can take advantage of the “enhanced investment returns that come from a balanced portfolio throughout an individual’s lifetime.”^{xxi}

Finally, DB plans, which are professionally managed and pool investments, can achieve greater investment returns than DC plans can, which are made up of individual accounts. DB plans with a critical mass of participating investors can achieve higher investment returns and deliver any given level of benefit at a lower cost. CARP’s recommended model of MEPP would depend on such size to achieve predictable, dependable, and affordable returns to all participating individuals.

6. Supplementary MEPPs should operate under regulated maximum Management Expense Ratios (MER) and have governance and accountability mechanisms that properly balance the interests of employers, employees, and retirees.

Many commentators have described the stark difference between administrative costs and investment performance between self-administered investment funds and broadly based professionally managed funds.

The annual cost of managing a typical large public sector plan is about 40 basis points – less than one-fifth of the typical annual management fee charged to a small investor holding a balanced mutual fund in an RRSP.^{xxii} Investment fees paid by individuals directly or indirectly can run as high as 2.5 to 3 percent of assets per annum. In contrast, the comparative investment costs reported by the large professionally managed pension funds range between 35 – 60 basis points or 0.35 percent to 0.60 percent.^{xxiii} The Canada Pension Plan Investment Board (CPPIB) reports an expense ratio of approximately 0.40 percent. The investment performance of the broadly based professionally managed funds is estimated to be from 2 to 4 percent better than smaller self-managed funds. While these percentage differences do not seem significant, over a 30 year investment horizon, this extra income could double the size of the pension ultimately received.

Also important is a clear investment mandate independent of political interests or the vicissitudes of a particular employer. The CPPIB was established by statute and a governance model that specifies that its investment decisions cannot be influenced by government direction (other than for the benefit of the CPP), regional, social or economic development considerations, or any other non-investment objectives. Indeed, the CPP is more difficult to amend than the Canadian Constitution. Changes to the plan require the approval of the Parliament of Canada as well as the approval of at least two-thirds of the provinces with two-thirds of the population of Canada.

Any MEPP, therefore, should be structured so that the interests of plan members are protected from interference or unilateral action of sponsors to direct investments, limit contributions or alter benefits.

As the recent economic climate demonstrates, one of the major advantages of a broadly based pension scheme is that it is not dependent on or subject to the financial circumstances or management priorities of a single employer or a group of employers in the same sector of the economy. Further, the crisis has also revealed the need to shelter pension funds against demands from sponsors such as for contribution holidays or relaxation of deficiency funding requirements.

As the proposed MEPPs will likely be administered by the private sector, appropriate governance and accountability mechanisms must be established. Administrators of any plan should operate for the explicit benefit of the investors, thereby minimizing costs and aiming for the highest standards of accountability. Moreover, participants, those working and already retired, must be included in the accountability structure of any plan.

“Every pension plan should be required to establish a pension advisory committee (PAC). A PAC should comprise at least five members, including one representative selected by retired members and one by each class or group of active members.”

The PAC should:

- be provided with effective means of communicating with all plan members, including retired members;*
- have access to all information distributed to plan members or filed with the regulator;*
- receive notice of all amendments, applications, proceedings or transactions involving the plan; and*
- be informed of all votes or consultations designed to solicit the views of plan members.*

~ Ontario Expert Commission on Pension Reform Report "A fine balance"

As any universal plan promises a large number of investors and correspondingly high value of invested funds, administrators of a plan should be able to deliver secure, reliable defined benefits to participants at a low cost, while still generating sufficient profit, even at the 40 basis point level.

7. Supplementary MEPPs should be of a sustainable size and offer benefit portability to plan participants.

The Arthurs Report, *A fine balance*, discusses the advantages of larger plans with respect to both the cost of investment and the effective expense ratio and concludes that,

“...the cumulative effect of all of these advantages is ... so significant ... that plan size may be a greater determinant of a member’s pension than plan design. Or, to make a more modest claim – holding plan design constant – large plans will generally perform better than small ones.”^{xxiv}

The Arthurs Report adopts \$10 billion as the threshold at which a fund may claim the necessary economies of scale and leverage in financial markets. Others point to the high performing Saskatchewan DC pension plan for credit unions, which has \$3 billion in assets and manages for less than 0.20 percent in investment costs. The CPP is exceptionally large, with \$127 billion covering 17 million Canadian workers as of March 2010.

Critics of a single, national fund point to the sheer size of such a fund – possibly twice as large as the CPP – as too unwieldy and they raise the understandable fear of having all our retirement nest eggs in the same basket. And the preference of the provinces to maintain jurisdiction over the pension savings within their territory is already starting to show – with British Columbia having already put in place its provincial defined contribution multi-employer pension plan and the three Western provinces discussing a regional plan.

CARP does not prescribe a particular size of fund nor whether it must be a single national fund or several provincial or regional funds. Rather, the focus of debate should be on whether the various options would provide the level of robustness and sustainability that is critical to providing an adequate level of retirement security for all Canadians, while achieving a high level of accountability to investors at a reasonably low cost.

Another significant benefit of the CPP is its portability through the changing circumstances on one’s working life. A large supplementary plan should afford investors the same level of portability, should circumstances dictate. The cost of plan coverage loss to an employee can otherwise be significant, from the tax deferral to the potential misplacement of retirement income. If a Canadian can currently work anywhere in Canada and maintain CPP coverage, a large universal pension plan or several MEPPs should offer similar portability to other plans or jurisdiction.

Conclusion

The federal and provincial governments must continue to work cooperatively to address the urgent need to provide the one in three Canadians who retire without any retirement savings with *a retirement savings vehicle that is universally accessible, affordable, adequate and sustainable*. CARP recommends that MEPPs be designed to mitigate the risks typically associated with larger privately administered funds. These features include mandatory enrolment, utilizing the existing payroll deduction mechanism, professional management, a governance role for the members, a mandate that is focused entirely on optimal performance and independence from government or any single employer, offering target or defined benefits.

Such a plan, furthermore, is meant to complement the phased-in modest expansion of the CPP, which alone cannot satisfy the need for retirement savings adequacy. Ongoing deliberations should aim to address these goals. Recent activity on the pension reform front is encouraging, but now is the time to implement real change to the benefit of a significant number of Canadians who face uncertain retirement. The goal should be a pension system that ensures that all Canadians can look forward to a decent retirement.

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