



AFTER A
LIFETIME OF WORK

RETIREMENT SECURITY

for everyone

LABOUR'S PLAN FOR PENSION SAVINGS REFORM

Canada is at a crossroads, just like it was forty years ago when it was time to do something about our health care system. Today, we need to do something about retirement income, and we need to do it soon.

IT'S TIME TO CHANGE SOME THINGS

The problem with Canada's retirement income system has become so obvious that even bank economists have started to admit the RRSP approach has failed. There's too much risk and not enough security to ensure that, after a lifetime of work, people can retire and live out their last years in dignity.

We need to increase CPP benefits, boost low-income (GIS) public pensions so no senior lives in poverty, and introduce federal pension insurance to protect our hard-earned retirement savings.

Raising the minimum retirement income floor with more robust public pensions combined with the guaranteed protection of additional savings offers clear benefits to everyone.

Whether retirement is just around the corner or something that's decades into the future, Labour's plan for Retirement Security has clear benefits for everyone - no matter where you work.

INSIDE:

-➤ **LABOUR'S PLAN TO GROW THE CPP** and help everyone save more for retirement
-➤ **RAISING GIS BY 15%** so no senior lives in poverty
-➤ **PENSION INSURANCE** so your savings are protected



LABOUR'S PLAN FOR RETIREMENT SECURITY

for everyone!

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HELPING PEOPLE SAVE MORE

DOUBLE CPP BENEFITS: A BETTER WAY TO SAVE

Offering every Canadian the chance to safely save enough money to provide for what they need in retirement is what's behind Labour's plan to change our country's pension system. The current system is leaving too many people without the savings they need. There's too much risk and not enough security.

Let's face it: for more than a generation, wages have failed to keep pace with the cost of living and most Canadians haven't saved what they need. Those who have are finding the RRSPs and investment funds they bought have come up short.

The best way to help today's workers save enough money for tomorrow is by increasing what everybody gets from the Canada Pension Plan (CPP) as a share of their total retirement income. Which is why we're proposing that over the next several years we lay the foundation to double CPP benefits for the future.

The CPP has been proven time and again to be a safe, secure and efficient retirement savings plan. Plus, the CPP is portable from job to job, across provinces, keeps up with inflation and is backed-up by the government.

Because the CPP operates independently from government, there is no cost to taxpayers – in fact there is the potential for governments to save over time.

Higher and secure pension savings mean seniors will be less likely to rely on income supports like the Guaranteed Income Supplement or provincial and local social supports for medicine, housing and food.

The cost to workers and employers is small. Over seven years, CPP premiums would slowly rise by 0.4% each year of pensionable earnings (which are capped at \$47,200 today).

We all need to save more for retirement. And putting that little bit extra into the CPP makes more sense than investing it into risky RRSPs. It's safer, easier (in fact, it's effortless) and it earns more.

The table below shows how today's workers would benefit from our plan to save more through the CPP.

While not everyone would see their overall CPP income double by the time they reach 65, the benefits are clear after only several years of extra contributions. That's the simple, straightforward advantage of the Canada Pension Plan.

This is promising news for the 70% of Canadians without RRSPs. It's even better news for the 33% of Canadians with no retirement savings at all (beyond what they contribute to the CPP).

What's in it for me? Your CPP Benefits (with and without Labour's plan)

If you are age...	Your CPP pension for these years without labour's plan...	Your CPP pension for these years with labour's plan...
28 (and made 37 years of contributions until age 65)	\$10,635.28 per year \$886.27 per month	\$21,270.65 per year \$1,772.54 per month
38 (and made 27 years of contributions until age 65)	\$7,760.88 per year \$646.74 per month	\$15,521 per year \$1,293.48 per month
48 (and made 17 years of contributions until age 65)	\$4,141.03 per year \$345.09 per month	\$8,282.05 per year \$690.17 per month
58 (and made 7 years of contributions until age 65)	\$2,012.08 per year \$175.17 per month	\$4,024.16 per year \$335.34 per month

This table assumes a worker will not draw their CPP pension before age 65 and will be making at least \$43,000 per year to accumulate this level of CPP pension. Those earning less should consult our [online pension calculator](#) to estimate how Labour's plan will boost their CPP pension at age 65.



BOOST GIS BY 15%

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PENSION INSURANCE

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WHAT ABOUT TODAY'S SENIORS?

More than a third of all seniors with public pensions (OAS and CPP) have incomes under \$15,000/year.

Workers close to retirement age who've been let down by the current system and don't have enough saved need help now so they don't fall into poverty.

We can provide that help today, with a one-time 15% increase to the Guaranteed Income Supplement (GIS) – the top-up to Old Age Security (OAS) for our poorest seniors.

The cost is minimal (\$1.1 billion) and would shrink over time, thanks to higher retirement incomes through our plan to boost the CPP. It also means savings for provincial and local governments, as fewer seniors would need to rely on social supports for the basics.

We think this is a reasonable investment to ensure all seniors have dignity in retirement.

NEW PROTECTION FOR PRIVATE PENSION PLANS

Insurance for essential things is common in Canada. We need it for our houses, our bank accounts, our vehicles and our jobs. We think it's time we had insurance for pension savings – one of the most important assets a worker owns.

Recent events prove the need for pension insurance. Our plan would see the federal government create a new insurance system that would protect pension benefits up to a maximum of \$2,500 each month, with premiums as low as \$2.50/year for each plan member. It's completely affordable.

Our plan would also see the federal government create an agency to "adopt" private pension plans abandoned in corporate bankruptcy, so workers are guaranteed that the money they've already paid into those plans doesn't get lost.

Private pension plans are an important part of Canada's retirement income system. Requiring pension plans to carry insurance is a fair trade-off to ensure that workers' pension assets are protected against future market disasters.

WHEN IT'S EASIER TO SAVE MORE **EVERYONE** BENEFITS!



SMALL BUSINESS have nothing to lose but the extra costs of offering supplemental pension plans to their workers.

Higher CPP benefits means that private supplemental plans would cost less (and be more secure with pension insurance). For some, a richer CPP could eliminate the need for a private pension plan entirely. The overhead and the administrative headaches would be gone. You just pay into the CPP, then write it off when you pay your taxes. How easy is that?

And don't forget the extra money that local retirees will have in their pockets.

YOUNGER WORKERS stand to gain the most from our plan to improve Canada's retirement income system. They can count on the CPP still being there to provide what they need when they retire.

Finally, our plan would offer **WORKERS HELD BACK** by social and job market discrimination a boost. Despite the lower income earned by many women, workers of colour and workers with disabilities, higher savings through the CPP (plus a richer GIS) reduce the risk of retiring into poverty.



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TAKE ACTION - TAKE ACTION - TAKE ACTION



“The Canadian Labour Congress has a better way to save for retirement – to double the benefits of the Canada Pension Plan – to a maximum of \$1,635 a month. No one who works their entire life should face the spectre of poverty in retirement because they didn’t have a private pension plan at work.

Improving the CPP is the simplest and most effective way to dramatically improve the retirement security of all Canadians.”

Will the CLC plan work? You bet!

“But convincing the government to begin doubling the Canada Pension Plan won’t be easy. The banks and financial institutions that make big profits from RRSP sales already oppose the idea.”

Can we do it?

You bet! With your help, we can win. And here’s how...

- CALL YOUR MEMBER OF PARLIAMENT**
Tell them you support the CLC’s position on phasing in the doubling of the CPP. Ask them to support it.
- CALL YOUR PROVINCIAL REPRESENTATIVE** and ask them to support the CLC’s proposed change to the CPP.
- VISIT US** at canadianlabour.ca to get further information and assist with future actions.
- JOIN THE FACEBOOK PAGE** “Retirement Security for Everyone”.
- TALK TO CO-WORKERS** in your workplace and ask them to call their MPs and provincial government representatives. Ensure this campaign is discussed at your union meeting.
- WRITE** a letter to your local newspaper.

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