

Enhance public pensions

CPP/QPP is best way to protect us

By KEN GEORGETTI,
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Most Canadians are not saving enough to live comfortably in retirement. One-third of Canadian workers aged 24-64 have no personal retirement savings at all, and 61.5 per cent of workers (11 million) have no workplace pension.

The recent financial and economic crisis has shone the light on weaknesses in our patchwork of public and private pensions. Although the situation is serious, there are solutions if we as individuals and a society are prepared to do the right thing.

We in the labour movement believe that an enhanced Canada Pension Plan and Quebec Pension Plan should form the cornerstone of pension reform and retirement security. Almost every working Canadian is already covered by the CPP or QPP. They are the easiest, most cost-effective savings vehicles for retirement. The plans are financed entirely by premiums paid by workers and their employers.

The CPP/QPP covers 93 per cent of working Canadians and it is portable no matter where we work or how often we change jobs. It is financially solid and investment decisions are made by independent boards. The fees are the lowest pension administration fees in the country - lower than private pension plans and much lower than those on RRSPs offered by the financial services industry.

The CPP/QPP will be there for us when we retire and for our children when they retire.

The problem is that when the plan was introduced in the 1960s, it was designed to replace only about one-quarter of a worker's wages in retirement. The current average wage is approximately \$41,000, and the maximum CPP benefit is about \$11,500.

The labour movement advocates a doubling of CPP/QPP benefits over time. This would be financed by a modest increase in the premiums paid by workers and employers. It is young workers who would benefit the most, but middle-aged and older workers would benefit as well. An enhanced CPP/QPP, along with Old Age

Security benefits and an improved Guaranteed Income Supplement for lower-income seniors would significantly improve incomes for people in retirement.

The Canadian Labour Congress and its affiliated unions have been calling for a national pension summit to develop real solutions. The federal, provincial, and territorial finance ministers met behind closed doors last December to talk about pension reform. Ottawa promised pension consultations at the time, but then the government shut down Parliament and those consultations were postponed. We welcome a healthy debate on the pension issue.

Each of us has a responsibility to save enough to live with dignity in retirement. We can best fulfill that responsibility to ourselves and our families by supporting improvements to the CPP/ QPP.

This is an important moment in Canadian history, much like the debate on health care in the 1960s. Canadians can either be forced to go it alone in planning for retirement security, using the high-fee products served up by the RRSP industry, or we can enjoy the benefits of an enhanced system of public pensions.

Ken Georgetti is president of the 3.2-million member Canadian Labour Congress. He will make a presentation on pensions to the Liberal Party's policy conference in Montreal on Saturday.
