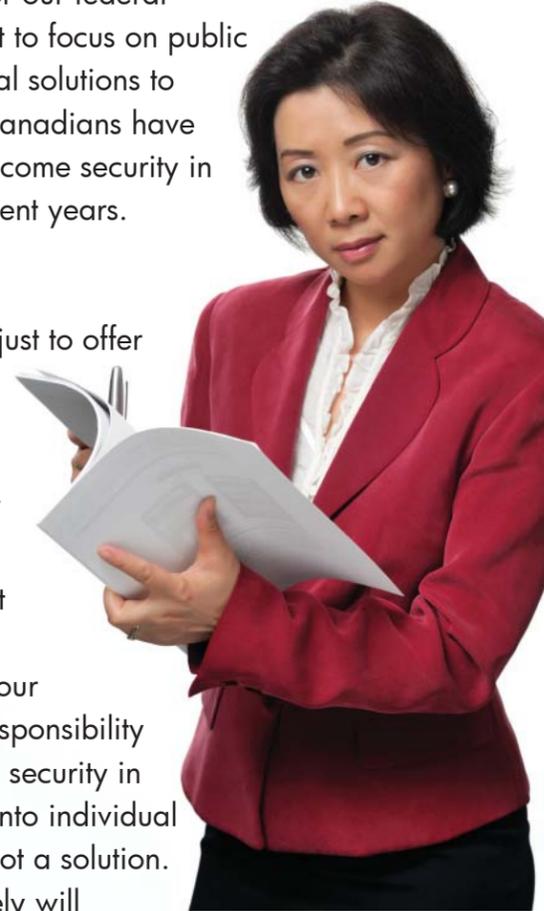


ADEQUATE INCOME SECURITY  
FOR ALL RETIRED CANADIANS  
**IT'S TIME!**

IT'S TIME for our federal government to focus on public and universal solutions to ensure all Canadians have adequate income security in their retirement years.

IT'S NOT acceptable just to offer Canadians more of the same "fend for yourself" approach to retirement security. Offloading our collective responsibility for financial security in retirement onto individual workers is not a solution. This ultimately will lead to more and more working Canadians living in poverty in their retirement years.

A SECURE and adequate income during retirement should be the right earned by workers for decades of contributions to one's community and Canada's economy. It is also one of the key cornerstones for a strong and sustainable Canadian economy.



**national  
union**

**NATIONAL UNION OF PUBLIC  
AND GENERAL EMPLOYEES**

- B.C. Government and Service Employees' Union
- Health Sciences Association of British Columbia
- Health Sciences Association of Alberta
- Saskatchewan Government and General Employees' Union
- Manitoba Government and General Employees' Union
- Ontario Public Service Employees Union
- Canadian Union of Brewery and General Workers
- New Brunswick Union of Public and Private Employees
- Nova Scotia Government and General Employees Union
- PEI Union of Public Sector Employees
- Newfoundland & Labrador Association of Public and Private Employees

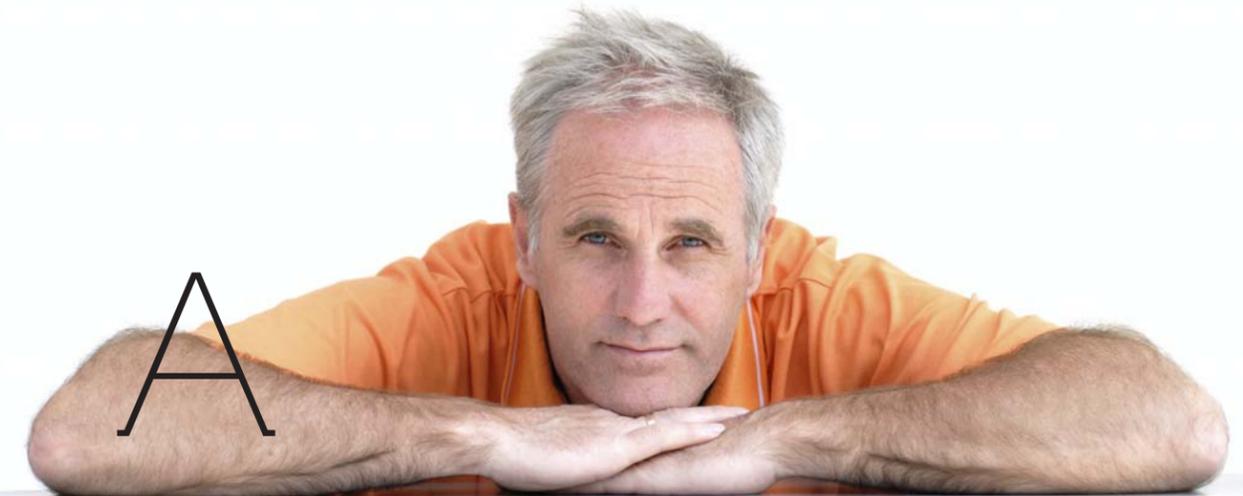
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The National Union of Public and General Employees is an affiliate of the Canadian Labour Congress and a member of the Public Services International.



A  
PLAN for  
PENSIONS

A REALISTIC, AFFORDABLE AND EFFECTIVE PLAN TO  
REBUILD AND REFORM OUR PENSION SYSTEM





# A plan to rebuild and reform our pension system

MOST households in Canada face serious challenges to enjoying income security in retirement. This is especially true for today's seniors and the majority of the baby boomer generation who are about to retire in the next decade.

Canada has made tremendous gains in reducing poverty among elderly citizens and providing seniors with better prospects for a dignified and secure retirement. This has been possible because previous generations of Canadians, along with the labour movement,

fought hard to achieve universal public pensions.

Despite these advances, the recent economic recession has exposed major faults in our pension system. We need to begin to fix the problem now.

Here are three proposals that provide a realistic, affordable and effective plan to rebuild and reform Canada's pension system:

## 1

### INCREASE THE OAS / GIS

The first tier of our public pension system is the Old Age Security (OAS) and the Guaranteed Income Supplement (GIS) which provides a basic income on which to live during retirement years. This tier is especially important for those lower-income seniors who have not been able to accumulate private retirement savings during their working lives through either personal savings, RRSPs or workplace pension plans.

A great many Canadian seniors depend on the OAS and GIS as their sole source of income. Despite this fact, benefit levels are nowhere near close to adequate.

The maximum benefit for a single person is \$14,000 a

year. This is more than \$4,000 below the poverty line. For an elderly couple, the maximum annual income guarantee is just over \$25,000.

We need to immediately strengthen Canada's public pensions for the most vulnerable seniors, especially senior women who live alone. GIS rates must increase each year beyond the rate of inflation in order to raise Canadian seniors above the poverty line.

To start, we can immediately increase the GIS by 15%. The costs are minimal — a modest \$682 million increase is less than 3% of the \$18 billion our federal government currently spends on tax subsidies for RRSPs. The results are impressive, putting more income each month into the hands of low-income seniors to spend on their most basic needs.

## 2

### EXPAND THE CANADA PENSION PLAN (CPP)

As one of the largest pension plans in the world, the CPP certainly has the capacity to provide a greater proportion of Canadians' retirement income. It already covers close to 95% of the workforce. It offers economies of scale with lower administration costs and investment management fees. For Canadian workers, it provides them with less risk, greater certainty, portability

and many extra benefits like spousal benefits, death benefits, disability benefits and inflation protection.

We need to expand the CPP. The labour movement has proposed doubling the CPP benefits to ensure a better minimum pension for Canadians. This would be financed through a modest and gradual increase (2.85%) in contributions over a seven year period. These increased contributions would effectively double the average CPP pension benefits, to a maximum (in 2010 dollars) of \$1,868 per month.

## 3

### BETTER REGULATION OF CANADA'S PRIVATE RETIREMENT SAVINGS SYSTEM

The current economic recession has demonstrated the desperate need for greater regulatory oversight of all financial institutions. This is especially true for the ones responsible for overseeing the retirement savings of Canadians.

The irresponsible financial decisions made by many institutional investors, without any serious government oversight or transparency, has had devastating consequences for Canadian retirees and those about to retire. The most vulnerable are those Canadians who invested directly in the

markets, in equities, mutual funds and many other kinds of financial instruments. Most Canadians who contribute to a defined contribution pension plan or an RRSP are in this situation. As individuals, they personally carry all of the risks.

Added to that, Canadians are paying the highest investment fees in the western world. When you are paying more than 2.5% in broker and management fees every year, it can take a third or more off your retirement savings over time. Banks are among the largest mutual fund brokers and the industry is largely self-regulated.

Federal and provincial legislators need to strengthen the regulatory system governing banks and other financial institutions, especially those that manage retirement savings. Governments must ensure greater transparency in the structure and content of investment products.

We also need to have much better rules for, and much more transparency in, the setting of investment fees in this country. All governments must demand better labelling of financial products that the mutual fund and insurance industries sell. There should also be reasonable limits set on the administration costs for pensions, RRSPs or larger workplace pension plans.