



## MAKE RETIREMENT INCOME MORE SECURE



### KEY MESSAGE

Canadians deserve a secure and dignified retirement, with a guaranteed and sufficient source of income.

### THE ISSUE

Statistics Canada estimates that 12% of senior families are considered low income and that 28.5% of single seniors qualify as low income — that's 600,000 Canadian seniors living in poverty. While recent increases to the Canada Pension Plan (CPP), Old Age Security program (OAS) and Guaranteed Income Supplement (GIS) are a step in the right direction, more needs to be done to ensure that older Canadians can afford to enjoy a healthy, active and dignified retirement.

A defined benefit pension is a pension as we traditionally think of it. Employers and employees contribute to a pension fund which is pooled and invested. Retirees are paid a specific amount, for the rest of their lives, using a formula that usually considers years of employment and salary. The rate of individuals covered by a defined-benefit pension continues to decline across the country, from 70% in 2005 to 42% in 2015 for those covered by a registered retirement plan in the private sector, even though, when properly managed, this pension option is the best way to ensure retirement income security. Defined benefits pensions are proven to make retirement secure and to enable Canadians to continue to contribute meaningfully to local and national economies and communities. Up to 80% of all pension dollars spent come from investment returns, which are then pumped right back into local economies.

But we have only to look at the recent Sears example to know that defined benefit pensions are not always guaranteed. More work is needed to ensure employees and retirees aren't left out in the cold when their employers go bankrupt, and that pensions are protected during insolvencies.

### MORE INFORMATION

Ontario Securities Commission <https://www.getsmarteraboutmoney.ca/plan-manage/retirement-planning/pension-savings-plans/>

### THE CHALLENGES

#### Protect Accrued Benefits

- No employer, in either the public or private sector, should be allowed to change the compensation promised to employees once they have retired. A pension is a commitment. Employees provide their service while making contributions into a pension plan, and employers compensate them in retirement with deferred wages. Employees and pensioners trust their employers to honour their pension promises.

#### Protect Employees and Retirees in Corporate Insolvencies

- Governments must commit to better public policy to ensure employees and retirees receive their pensions, including if companies become insolvent.

#### Strengthen Defined Benefits

- Defined Benefits plans deliver the same retirement income at half the cost of defined contribution plans. Government policy and legislation must support the protection and expansion of defined benefits plans.

### THE QUESTIONS

- 1 What is your party's retirement income security plan for seniors now and for future generations?
- 2 How will you ensure employees and retirees with defined benefit pensions are protected if their employer goes bankrupt?
- 3 How will your party support defined benefit pension plans?
- 4 In 2016, the federal government introduced Bill C-27, legislation that would allow employers to cut accrued or earned defined benefit pensions. What is your party's position on this legislation and this approach?