

Better pensions build strong communities

As our population ages, the health of municipal economies will depend on the spending power of Canadian seniors.

By 2030, a quarter of Canadians will be over 65. Without decent pensions, the economic health of communities will suffer. Retirees living in poverty will rely more heavily on local public services.

The income security of older and retired people is increasingly crucial to Canada's economic health. But the strength of this future spending power is in doubt. Federal action is needed to solve the pension crisis.

The state of Canada's pension system

All of us should have the right to a secure income in our retirement years. But:

- 11 million Canadian workers have no workplace pension plan;
- Only one in five Canadians working in the private sector belongs to a workplace pension plan;
- Most Canadians aren't able to save enough to cover basic retirement expenses;
- Existing pension plans are under added stress because of the global economic meltdown, while employers are shirking their responsibility to ensure workers have decent retirement incomes;
- The RSP retirement savings model is struggling because too few Canadians – about 25 per cent of tax filers – are able to afford

contributions. And the global meltdown has exposed individual RSP investors to extreme risk and significant financial loss; and

- Our public pension system is solid, but must expand. The Canada and Quebec Pension Plans, along with Old Age Security, are a stable foundation. But benefits must increase. Inadequate incomes and poverty are on the rise among seniors – in particular for single women.

Taken together, these developments have produced a rare consensus among governments and policy-makers: something must change.

Better pensions – a more secure future

CUPE and the Canadian Labour Congress are advancing reforms that will strengthen the retirement income system. We can start to fix the crisis through a balanced approach that combines strong workplace pensions with public pension plans that cover all working people:

- Double Canada Pension Plan benefits. A modest increase to plan contributions (less than three per cent each for employers and employees) will substantially boost pension income. The increase would be phased in towards a maximum benefit of \$23,000 a year.
- Increase Guaranteed Income Supplement payouts by 15 per cent. This will immediately eliminate poverty among Canadian seniors. This change can easily be financed through a

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modest cutback to public subsidies for the RRSP system.

- Protect workers' retirement income through tougher laws and a national pension insurance plan.

Economic security for all seniors

Local governments will be on the front lines of dealing with the consequences of retirement income insecurity. The federal government must act quickly to close the gaps in our current retirement system.

The coming crisis can be avoided. There is time to implement affordable improvements to pension coverage. Together, these changes in public policy will help provide economic and social security for individuals and communities and will ensure a secure public pension foundation for our retirement income system.

Learn more about CUPE's plan for retirement security at cupe.ca/pensions