

## Federal pension reform urgently needed

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**MORE THAN A THIRD** of Canadian seniors receiving public pensions live on less than \$11,000 a year: well below the poverty line.

HSA member Brigid Kemp has first-hand knowledge about the hardship represented by this number and the urgent need for pension reform. She has worked for several years with the South Okanagan Women in Need Society (SOWINS). Most of her work has been with senior women over age 50 who have been in abusive relationships.

-Of the clients I've worked with who worked for any length of time in the paid workforce, the vast majority worked for low wages, and without a workplace pension plan of any sort," said Kemp. Some are entitled to partial CPP benefits, but many of the oldest worked as young women at a time when there was no CPP coverage, or worked in jobs that weren't covered by CPP."

#### Retirement income by the numbers

- 61.5 per cent of Canadian workers (11 million people) have no workplace pension
- Only 31 per cent of all Canadians hold any RRSPs
- 35 per cent of seniors receiving public pensions (1.6 million seniors) live on less than \$11,000 per year
- One third of Canadian workers aged 24-64 have no personal retirement savings at all
- \$60,000 is the average amount held in RRSPs for Canadian workers aged 55-64, enough to buy an annuity of \$250 per month

Kemp, who has served for several years as President of the South Okanagan Boundary Labour Council, is hopeful that a pension reform plan developed by the Canadian Labour Congress and supported by NUPGE, will help women like her clients, and the millions of other Canadians facing retirement without adequate income.

The CLC proposal has three components:

- increase the Guaranteed Income Supplement (GIS);
- double Canada Pension Plan (CPP) benefits; and
- establish a national program to insure workplace pensions.

The Guaranteed Income Supplement (GIS) is the component of Old Age Security (OAS) paid by the federal government to seniors with the lowest income. Investing an additional \$682 million per year into this program would be enough to immediately lift out of poverty all 1.6 million Canadian seniors currently living under less than \$11,000 per year ... including Kems clients.

Gradually increasing the CPP premiums paid by workers and employers from 4.95 per cent of salary to 7.0 per cent would double the CPP benefits that retirees receive, increasing the current maximum of \$820 to \$1,635 per month. This would be a huge improvement for the 61 per cent of Canadian workers without a workplace pension.

Young workers, who are even less likely than older generations to have a workplace pension plan, will arguably benefit most from improving this secure, fully-funded, inflation-protected and completely portable national pension plan.

Establishing a national program to insure workplace pensions would protect the pensions of workers whose employers go bankrupt. This type of insurance could be funded by charging workers covered by workplace plans a mere \$2.50 per year ... less than the cost of a cup of coffee.

Most HSA members are covered by BCs Municipal Pension Plan (MPP), a defined benefit pension plan that can provide enough for a comfortable retirement. MPP coverage for members in community social services will be available effective April 1, 2010, but eligible members must choose whether or not they want to join the plan (see related article on page 6).

As a member from the community social services sector who has recently retired, Kemp strongly encourages members to enroll in the plan.

-It can make a huge difference to your retirement," says Kemp. -Having reviewed all the pension information from the CLC, and having worked with so many women with inadequate retirement income, I really understand how valuable a good workplace pension plan can be."

## **MORE INFORMATION**

CLCs pension reform plan: [www.canadianlabour.ca/action-center/retirement-security-for-everyone](http://www.canadianlabour.ca/action-center/retirement-security-for-everyone)

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