

All for one. More for all.



Ten reasons to expand our Canada Pension Plan



Old and broke *is no way to wind up. But that's exactly where many Canadians do wind up once they retire. Too many. It is a symptom of what is fast becoming a retirement income crisis, as more and more of us cross over into retirement without any kind of real income security.*

We need to fix this. We need to do what the private sector won't do. We need to give every Canadian a real chance at a financially secure retirement. The good news is we can use our Canada Pension Plan (CPP) to do it.

Pensionless *Close to 11 million Canadian workers do not have a private pension plan. These workers rely mainly on their own individual savings, through contributions to risky RRSPs for their retirement security.*

Statistics show not many Canadian workers can manage this (just 32%)—and even those who can seldom save enough to guarantee a secure retirement. There is no reason to believe this will get any better if we don't take action now.

CCP solution *The solution lies within the Canada Pension Plan (CPP). Our CPP is the envy of the world:*

- *it's secure;*
- *it's funded on a sound basis; and*
- *it's well managed by professional staff independent of government.*

The only problem with CPP is that benefit levels are way too low to provide Canadians with adequate income security in their retirement.

The best solution is to expand our CPP.

Here are 10 excellent reasons why.

1. ALL IN ONE CPP already covers virtually all Canadian workers.

CPP is a national, public, universal workplace pension plan funded exclusively by contributions made by employees and employers at no cost to government. It covers 93% of Canadian workers, whether employed or self-employed, full-time or part-time.

2. GUARANTEED CPP offers a guaranteed income to all Canadian retirees.

CPP guarantees retirees ongoing certainty with respect to their benefit entitlements. As a national, mandatory, defined benefit pension plan, CPP guarantees all Canadian workers a monthly benefit when they retire related to the income they have earned during their working lives.

3. EXTRA BENEFITS CPP provides a number of benefits in addition to a monthly pension.

While it is perhaps best known for its retirement pensions, CPP offers many extra benefits that are not available in any other workplace pensions. Additional benefits include disability, death, survivor and children's benefits. CPP administers the largest long-term disability plan in Canada.

4. PORTABLE CPP is the most portable pension plan in Canada.

One of the greatest advantages of this national plan is the continuity of pension coverage it provides employees who change jobs. CPP is fully portable when employees move from job to job across provinces and territories. Because of its more universal and mandatory nature, CPP provides the best continuity of benefits of any pension plan in Canada.

5. INFLATION PROTECTION CPP benefits rates are increased annually to the rate of inflation.

CPP benefits are increased each January based on the annual Consumer Price Index (CPI). These increases are legislated under the Canada Pension Plan Act to ensure that benefits keep up with the cost of living. Even if there are decreases in the cost of living, benefit rates do not decrease. By example, since October 2004, the CPI has increased by 9% while CPP rates have increased by 12%.

6. EVENS OUT LOWS CPP compensates employees for periods of low earnings.

Unlike any other pension plan, CPP accommodates different work patterns of parents, other caregivers and those with periods of work interruptions. Women especially find the CPP child-rearing drop-out provision helpful since it allows employees to drop up to seven years of low or zero earnings due to child rearing from the calculation of their future benefits. (This will increase to eight years by 2012.) No other plan allows for this consideration.

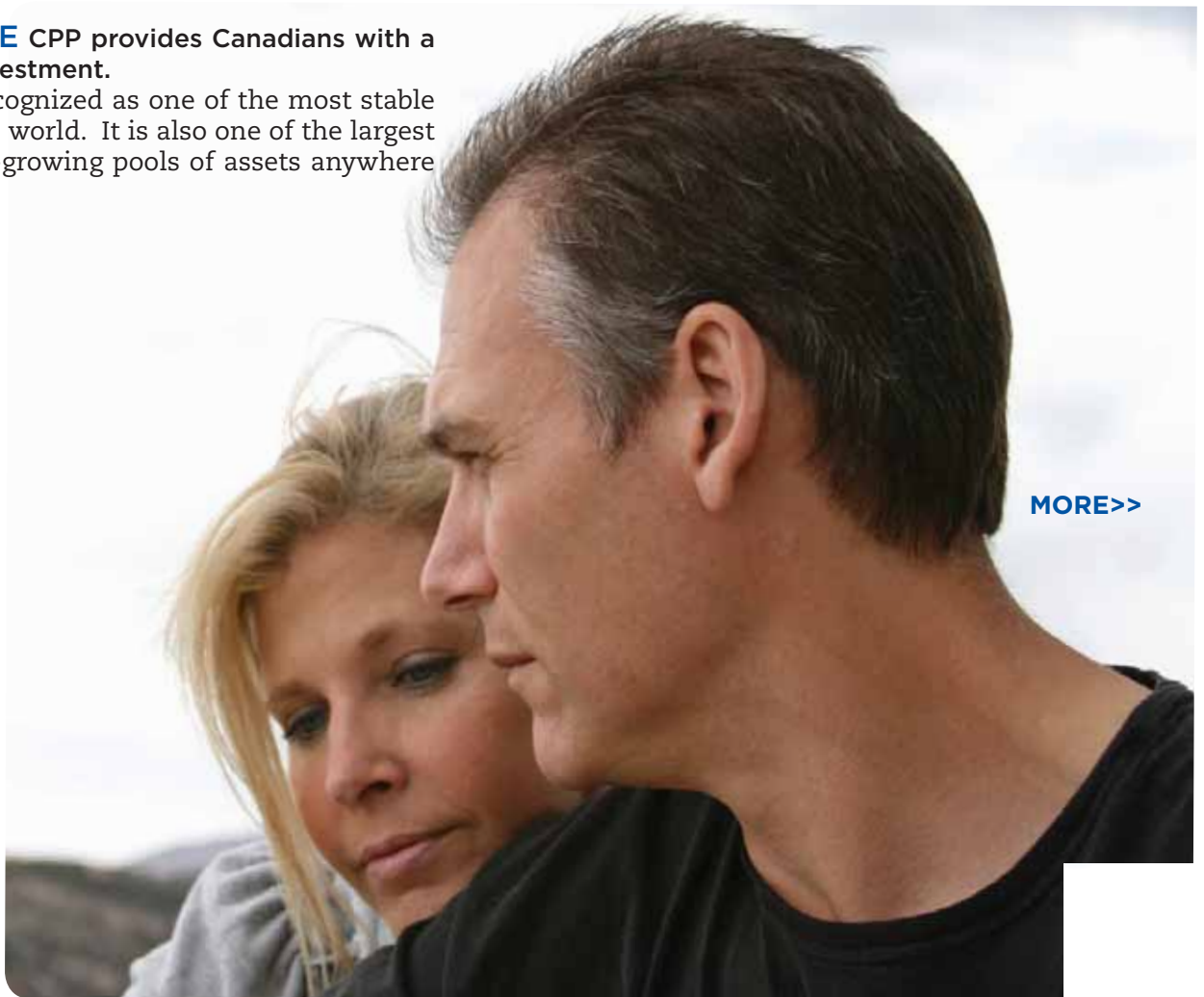
7. RISK FREE CPP provides Canadians with a risk free investment.

CPP is recognized as one of the most stable plans in the world. It is also one of the largest and fastest-growing pools of assets anywhere

in the world. With the built-in expertise of its professional investment management organization and strong public sector accountability, CPP significantly reduces risk for employees and employers. It also spreads the risk amongst generations by pooling life expectancy and investment risks among all contributors and beneficiaries.

8. LOW COST CPP is well managed with low administration costs.

CPP is administered by a professional investment management organization that operates at arm's length from the government. The investment management costs of CPP are shared by all Canadians, so less of the fund is taken up by fees. Only 1.1% of CPP assets are used to manage the fund and these fees are expected to decrease with the growth of the fund. When compared to the high management and broker fees charged by the financial services industry selling risky RRSPs, the low CPP fees allow Canadians to keep hundreds of dollars more of their monthly retirement income.



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9. BRIGHT FUTURE CPP is secure, stable and sustainable for generations to come.

Canada's Chief Actuary stated in his latest report that the CPP fund is sustainable for at least the next 75 years. Despite even the recent unprecedented market downturn, the CPP fund is expected to deliver the returns required to help sustain the plan for decades and generations. Not one cent of the CPP's current \$130 billion investment portfolio is being used to help pay for pensions today because current contributions more than cover the CPP benefits being paid out. It will be at least another 10 years before even a small portion of CPP's investment income will be needed to help pay for pensions. Beyond that time, CPP will continue to grow for decades to come.

10. HELPS ECONOMY CPP plays a significant role in Canada's economy.

Contrary to some misconceptions, CPP benefits are not paid from government revenues. It's totally funded by contributions from employees, employers and the self-employed in the paid workforce. CPP actually generates more revenue than it pays out in benefits and, therefore, contributes to the overall growth of the Canadian economy. In 2009, four million Canadians received \$29 billion in benefits. CPP also plays a major role in investing in Canada's economy with 46% of its investment fund (or \$60 billion) invested in Canadian companies and infrastructure.

Expanding CPP will go a long way in improving the financial security of Canadian seniors.

Like all public programs and services, CPP is an important tie that binds us together as a nation. It is an expression of our collective commitment to one another and to the fundamental principle that all citizens have the right to income security and dignity.

We must seize the opportunity that exists today and demand that our political leaders across the country embrace this most sensible, affordable and effective approach to improving retirement security for all Canadians.



**national
union**

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- Health Sciences Association of Alberta
- Saskatchewan Government and General Employees' Union
- Manitoba Government and General Employees' Union
- Ontario Public Service Employees Union
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