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C.D. Howe Institute BACKGROUND

THE PENSION PAPERS/FINANCIAL SERVICES

Cutting Through Pension Complexity: Easy Steps Forward for the 2010 Federal Budget

William B.P. Robson



In this issue...

Ottawa could move now to make good retirement savings plans accessible to more Canadians, and liberalize the rules governing retirement income.



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Principles for Third-Pillar Pension Reform

Finance Canada Discussion Document	Alternative Criteria
Affordability for individuals & businesses (1)	No forced saving
Affordability for governments	Ample saving for all who need it
Intergenerational fairness	Intergenerational fairness
Balance of individual & state responsibility	No government backstop
Individual choice	Individual choice
Accessibility	Accessibility
Affordability for individuals & businesses (2)	Good quality/cost balance
	Robustness



Models for Third-Pillar Pension Reform

Principles	Status Quo		Finance Canada Discussion Document			
	Classic DB	DC, RRSP & Related	Government-sponsored voluntary DC plans	Mandatory DB plans	Expanded, flexible, privately delivered DC plans	Expanded plans with more tax-deferred saving room
No forced saving	x	✓ ?	✓	x	✓ ?	✓ ?
Ample saving for all who need it	x ?	x	x	x ?	x	✓
Intergenerational fairness	x ?	✓	✓ ?	x	✓	✓
No government backstop	x	✓	✓ ?	x	✓	✓
Individual choice	x	✓ ?	?	x	?	✓ ?
Accessibility	x	✓ ?	✓	✓	✓	✓
Good quality/cost balance	?	x ?	?	x ?	✓ ?	✓ ?
Robustness	x	?	?	?	✓ ?	✓



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