

Canadian Labour Congress

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Congrès du travail du Canada

Defending workplace pensions: what are the political challenges?

**SEDAP Conference: Private Pensions
and Income Security in Old Age
November 17, 2006**

For most debates, what are the identified challenges?

- **A ‘perfect storm’ for pensions:** high liabilities, low interest rates, poor investment returns.
- **Over-regulation, unaffordable costs:** hence the need to switch from DB to DC
- **Too many old people:** Canada’s aging society suggest soaring costs...

Problems with these assertions...

- **An unpredictable perfect storm?**
- **Too many old people, or not enough babies?**
- **Over-regulation, or bad management?**
- **Is the plan sponsor cupboard bare?**

Potential solutions from one perspective...

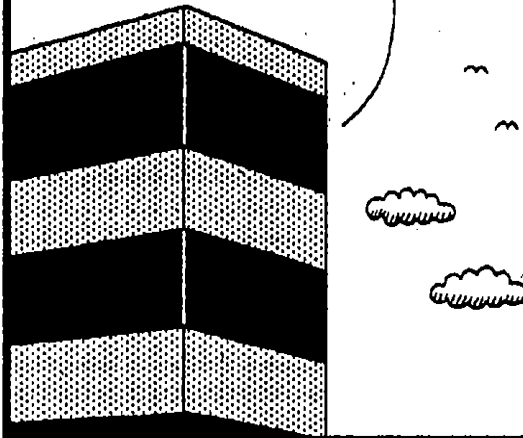
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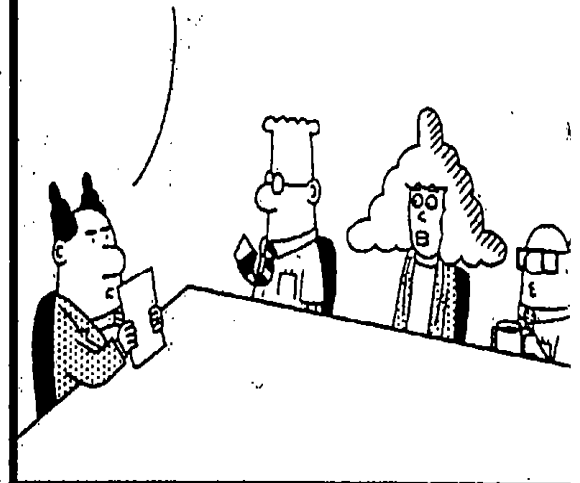
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IN UNRELATED NEWS, THE GUIDELINES FOR WORKPLACE SAFETY HAVE BEEN RELAXED.



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OUR CEO REMINDS YOU THAT SMOKING IS COOL.



So, what are the real political challenges?

- **To gain perspective, one must review choices made in Canadian pension policy.**
- **This involves a look at “the bigger picture” in policy debates.**
- **For motivation, we turn to an Irish rescue example...**





















So, what are the real political challenges? (cont'd)

- **Poor planning, bad decisions, and unrealized goals in pension policy.**
- **Too many experts, too few common standards.**
- **Needed: policy options that enhance (and expand) existing DB pension coverage.**

1. Reject a 'Fend for Yourself' Approach to Retirement

- **The push for DC isn't good for workers**
- **Growth of RRSP's and the problems**
- **What about the coverage crisis?**

2. Creating good jobs to save for retirement

- In 2005:

- Most new jobs were in two low-wage categories: self-employed (38%) temporary jobs (25%). Translation: it's hard to make a living or feed a family with 2/3 of all jobs being created.
- 26,000 health care and social services jobs were lost, and over 100,000 mfg jobs.
- Research now reports a *negative savings rate in Canada (114% of income)*.
Translation: we owe more than we earn!

3. Renewing public pensions

- **Public pensions must be renewed, these lessen the burden on workplace pensions**
- **Solid features of public pensions: low costs, benefit security, progressive benefit details.**

4. Needed: a solidarity-based retirement culture

- **Myth: Saving for retirement is best done individually.**
- **Myth: Younger workers will never see a dime of public pensions.**
- **Myth: Unionized workers have no interest in reforms beyond RPP's.**
- **Fact: 'Boomer' retirees will not deplete the incomes of younger workers.**
- **Fact: costs for retirement security are not excessive if planned for properly.**

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