



DEBATE – HOUSE OF COMMONS

Pooled Registered Pension Plans Act

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Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Mr. Speaker, I am certainly pleased to take this opportunity today to discuss the very important measures that are contained in Bill C-25, an act that is key to implementing the federal framework for the PRPP, the pooled registered pension plan. It is a plan that, quite confidently, I can ensure personally from my perspective that Canada's seniors will have the retirement that they deserve with the implementation of this kind of plan.

In short, what is it? It is innovative. It is new. It is privately administered. It is low cost. It an accessible pension option, and I highlight the word “option”, to help Canadians meet their retirement goals.

This is particularly significant for small- and medium-sized businesses, businesses like mine. I was in business for 35 years. I only wish that 35 years prior to me starting I had something like this to offer not to only my family but certainly to my employees, as certainly many of us would not be sitting in challenging situations today without an option. This would enable owners and employees alike to have access to a large-scale, low-cost private pension plan for the very first time for many of these people.

By pooling the pension savings, PRPPs would offer Canadians greater purchasing power. Basically, Canadians would be able to buy in bulk, then they would have the opportunity to get a better bang for the buck. Achieving lower prices that would otherwise be available means that they would then get greater returns on their savings and on their investment and of course more money would be left in their pockets when they retire.

Now the design of these plans would also be straightforward, to allow for simple enrolment and management. Simplicity is always best. This plan is just that.

Finally, they are intended to be largely harmonized from province to province, which would, when completed, further lower the administrative costs.

Automatic enrolment would encourage regular savings in PRPPs by making participation the default choice of employees who do not actively make a decision to opt out. In other words, basically a reverse onus would encourage more people to participate.

Canada's finance ministers, both provincially and federally, across this country, decided to proceed with this PRPP framework precisely because it was considered the most effective and the most appropriate way to target those modest- and middle-income families and individuals who may not be saving for retirement. It is not a one-size catch-all, but it is an option available to a certain segment of people who have not been served before; in particular, those who currently do not have access to an employer-sponsored registered pension plan.

Certainly I never did and of course neither did my employees and many of the thousands of self-employed people in this country.

With the federal PRPP legislation having been introduced now, provinces then can easily and seamlessly use it as a model for their respective frameworks so that the system can get up and running. Really, it is not necessary to go into a full duplication of a bureaucratic maze to administer this. Once the provinces put in place their PRPP legislation, the legislative and the regulatory frameworks for the PRPPs would be operational that quickly, thus allowing PRPP administrators to develop and to offer plans to Canadians and their employees in what I might add would be a very competitive process, thus driving the price down even more.

I believe it is crucial that we continue to maintain this momentum for a stronger retirement system; a system that this does carry entirely into its own but certainly would go a long way toward dealing with a particular element of our society that has not been served.

I also want to take my time today to discuss other actions that our government is taking and, quite frankly, has taken to secure Canadians' retirement income needs and to strengthen Canada's retirement income system.

One particular instrument that I think is very important that is not given its due thrift, in my opinion, is financial literacy. For example, this is an area where we are working to improve the retirement income outcomes.

Obviously a strong system depends upon the ability of its users to make informed decisions that are critical to its success. That is why our government, and I, was very pleased when the member sitting in front of me, the chair of the finance committee, put forward a private member's bill that strongly promoted financial literacy in this country. I think that bills like that and assets like that in the implementation of any programs going forward will simply serve Canadians well.

Federal, provincial and territorial governments are also continuing our work of reviewing options to improve the CPP. While the CPP is efficient, admittedly, and effective and, quite frankly, well-managed, there are serious considerations around imposing, at this point, mandatory payroll reductions in the context of the fragile state of the global economy that really have to be taken into account.

CPP is an option, but due to the time, constraints and the economic malaise we find ourselves in, it is deemed by many, particularly our provinces, to not be the right decision at this time. As a matter of fact, it could even be harmful to our recovery.

As I made clear at the very outset, changes to a system that is so inter-connected with our economy must be considered with a great deal of care. There has been a lot of thought put into this from across the country. I know the secretary of state has spent a couple of years travelling across this country literally meeting with every financial authority and provincial representative. Collectively they have come up with the unanimous mindset that this is the way to move forward.

I would also remind everyone, even us as the government, that we must be mindful that any legislation must have a bottom line, and above all else it must do no harm. I am confident that we are on solid ground there.

Canada's retirement income system has already been recognized around the world as a model that succeeds in reducing poverty among Canadian seniors and in providing high levels of replacement income to retired workers. Be assured our government will make the right policy decisions to ensure it stays that way.

We do welcome thoughts, ideas and considerations, particularly those that are not just driven by a parliamentary ideology that we sometimes find ourselves in, in rather disturbing circumstances in this House of Commons, but actually from some really sharp, good, well-intentioned and capable suggestions that come forward.

In recent years our government has made it even stronger with a range of measures to support those elements of a system with a proven record of success. This has included, as most people here would know, but of course I repeat this not just for the general public but I think it is important that we all be mindful, a number of steps forward.

We have provided over \$2 billion in additional annual targeted tax relief to seniors and to pensioners through measures such as pension income-splitting. That is huge in a riding like mine. I have the second highest concentration of seniors in the province of Ontario, so I well recognize the need for programs moving forward to allow them to have a disposable income. We increased the age credit amount. There was a doubling of the maximum amount of income eligible for the pension income credit. It included reforming the framework governing federally regulated pensions to better protect pensioners.

It also included working collaboratively with the provinces to modernize the CPP, making it more flexible for those transitioning out of the workforce to better reflect the way that Canadians currently live, work and retire. Most recently, in our latest budget, we announced a top-up to the guaranteed income supplement for Canada's most vulnerable seniors.

In conclusion, with the introduction of the PRPPs, we will address the remaining gaps in the system by providing an attractive additional pension option. That is what this is. This is not one size fits all as I mentioned before, it is an additional pension option to both individuals and employers.

Through all of these measures, combined with the government's determined efforts to make PRPPs a reality, I sincerely believe that we are making a retirement system that is good. Can it be better? Yes. Is it strong? Yes. Can it and should it be stronger? Yes, that is our duty and our responsibility as parliamentarians.

This is something that I think we as Canadians, and certainly the Parliament of Canada, can and should be very proud of.