

Information for submissions to the Ontario Government on the Ontario Retirement Pension Plan

Feedback as well as comments on the ORPP initiative more generally, can be submitted to ORPP@ontario.ca or mailed to:

Ontario Retirement Pension Plan: Key Design Questions
Budget Secretariat
Ministry of Finance
95 Grosvenor Street
3rd Floor, Frost Building North
Toronto, ON M7A 1Z1

Submissions must be received by **February 13, 2015**.

Key Message from Unifor:

Expanding the Canada Pension Plan is still our best option

Unifor, like the Ontario government, supports an expansion of the Canada Pension Plan (CPP) as the best approach to strengthening the retirement income system. The need for action across Canada is clear and Ontario is no exception:

- Only 37 per cent of Ontario workers are covered by a workplace pension plan and, even more troubling, only 28 per cent of private sector workers have a workplace pension plan.
- Ontario workers are not saving voluntarily for retirement; there is \$280 billion dollars in unused RRSP room.
- Increasing life expectancy means that next generation of Ontarians will be living longer than the generation before them¹.

Unifor continues to support the OFL/CLC position that the ORPP should feature universal coverage, mandatory participation, shared contributions from employers and employees, and predictable retirement benefits indexed to inflation. The ORPP should model the CPP so that it could eventually be folded into an enhanced CPP.

No Exemptions: The ORPP should be truly universal

The Ontario government has proposed that Ontarians with a comparable workplace pension plan will not be required to participate in the ORPP. The discussion paper indicates that only defined benefit (DB) plans and Multi-Employer Pension Plans will be considered comparable to the ORPP.

¹ Ontario Budget 2014, Chapter 6: Retirement Income Security

These are the reasons that Unifor takes the position that there should be no exemptions:

- Excluding DB and MEPP plan members will create administrative difficulty that will limit the potential for integration with the CPP in the future.
- There are many DB and MEPP plan members who are not receiving sufficient retirement income. For many plan members the ORPP would provide an important supplement to their retirement income.
- A “flawed” ORPP with exemptions could start to erode the highly valued universal nature of the CPP.

Low-Income Workers must be allowed to participate in the ORPP

Unifor supports the position of the Ontario government that low income workers should be allowed to participate in the ORPP. The discussion paper proposes that the ORPP would mirror the basic exemption of the CPP at \$3500. This will ensure widespread coverage, stable membership, and higher ORPP benefits. The inclusion of low income earners is a cornerstone to universal coverage.

The ORPP Discussion Paper offers two good proposals to assist low income workers in saving for retirement:

- The proposed amendments to the Working Income Tax Benefit (WITB) and the Guaranteed Income Supplement (GIS) are the most important steps that need to be taken in order to ensure that the retirement income system is fair to low-income workers.
- In the absence of action from the federal government the Ontario government should take action where it can and consider a made-in-Ontario WITB.

Self-Employed Workers must be accommodated

While Unifor does not directly represent self-employed workers, some of our community chapters include freelance workers who work on a contract basis. Our community chapter members are not unlike many Ontarians currently working as independent contractors. Given the increase in precarious employment in the labour market there is a clear need for pension coverage for the self-employed. Unifor supports Ontario’s proposal to enter into discussions with the federal government regarding an amendment of the Income Tax Act, which would allow self-employed workers to participate in the ORPP.

Concluding Remarks

Ontario has the opportunity to create a universal pension plan that will benefit the workers of Ontario, particularly the next generation of young workers. The Ontario Retirement Pension Plan could become the model and inspiration for all Canadians who want a secure and decent pension. Unifor actively supports an ORPP that models the CPP.