

## Speaking Notes on the Ontario Retirement Pension Plan

### **Important Facts about Retirement Security and the ORPP**

- 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; 12 per cent of private-sector workers have access to a defined-benefit pension plan.
- 10% of Ontarians age 65 and over live in poverty (measured as the low-income measure after tax, i.e. receiving less than half of adjusted median household income), and over 25% of single Ontarians in that age bracket live in poverty. Women, recent immigrants and racialized seniors are at greatest risk of poverty.
- Nearly 7% of Ontarians helped by food banks in March 2014, and nearly 9% of Ontarians using rural food banks, reported pensions as their primary source of income.

### **Should employees in defined benefit pension plans and Multi-Employer Pension Plans (MEPPs such as CWIPP and NHRIPP) be excluded from the ORPP?**

- Members in private sector DB plans have too much of their retirement security tied to the company. Having a greater portion of their retirement income in the ORPP would provide considerable peace of mind. Ask the Nortel retirees.
- The Ontario government should not assume that MEPP members are “taken care of” for retirement. Many of the members in these plans have small pensions, and would benefit from participation in the ORPP.
- Allowing exclusions will simply open the door for employers with defined contribution plans and Group RRSPs to demand that they too be excluded.
- The CPP does not allow exclusions and the ORPP must model the CPP

### **Should low wage earners (earning less than \$15,000 a year) be included in the ORPP?**

- The ORPP Discussion Paper proposes that anyone earning over \$3,500 a year should participate. The first \$3,500 of earnings is exempt from contributions for the employer and the employee. This follows the CPP and should be supported.
- Many low wage earners work in more than one job. If those with earnings less than \$15,000 are excluded from the ORPP, then even though they may make \$30,000 in total, they will not have a retirement savings plan.
- To help low wage earners make the contributions (set at 1.9% of earnings), Ontario could improve the current tax credits for low income earners such that their income tax would be reduced to recognize the contributions to the ORPP.

- If the exemption is set at \$15,000, workers earning over \$15,000 will have a lesser benefit from the ORPP. (The ORPP will provide a retirement pension equal to 15% of earnings. If the first \$15,000 of earnings are exempt, then a worker earning \$50,000 would have an ORPP benefit based on \$35,000. However, if the exemption is on the first \$3,500 of earnings, as proposed in the ORPP Discussion Paper, the worker earning \$50,000 would have an ORPP benefit based on the full \$50,000.

### **Should the Self-Employed be included in the ORPP?**

- Just as some small business owners would like to see a decent pension for their employees, they themselves often need a retirement plan.

The self-employed are able to participate in the CPP and should be able to participate in the ORPP.

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