

How it works

for small business

Labour's Plan for an improved
Canada Pension Plan



canadianlabour.ca



Canadian Labour Congress

Congrès du travail du Canada

Canada's Finance Ministers agree.

The best way to help today's workers save enough for retirement is by increasing what everybody gets from the Canada Pension Plan (and the Quebec Pension Plan).

The Canadian Labour Congress is proposing a gradual doubling of future CPP benefits. A modest increase in contributions today will produce thousands of dollars a year in extra benefits for workers when they retire.

But our plan has come under attack from special interest groups who are scare mongering and spreading lies about our proposal.

Some have even called it a “job-killing tax” because it will cost small business too much.

This is not true.

Saving through the CPP does not discourage hiring

Let's look at the facts. In 1997, the unemployment rate was 9.1%. That year, the federal government announced plans to increase CPP contributions for both workers and employers from 2.5% of pensionable earnings to 4.95% over a five-year period. The move was immediately labelled a “job-killing payroll tax-hike” by business lobbyists.

When premiums stopped rising in 2003, the unemployment rate was 7.6% and continued to drop every year until the 2008 recession. So, unemployment actually dropped while CPP contributions increased.





Good for Business

Contrary to what some might think small businesses have responded positively to our plan. They recognize that CPP is the best value for money, given its low management costs, portability and security.

The Canadian Federation of Independent Business (CFIB) claims to have survey results indicating its members are opposed to this. Our own scientific poll conducted by Vector Research tells a different story.

- *68% of small business owners thought people with good pensions were good for business*
- *Over half of small business owners surveyed supported expanding the Canada Pension Plan*

The Best of Both Worlds

Expanding the CPP offers small business owners the risk-free stability of a defined-contribution savings plan, while delivering the guarantee of a defined-benefit pension plan for their workers as well as allowing owners themselves to save more through an expanded CPP.

Topping up retirement benefits with a workplace pension plan would become a more affordable option for most small business. As everyone's CPP savings grow over time, workplace pension plans would have less retirement income to cover, resulting in lower contribution costs.

What is worrying is that one-third of Canadian workers aged 24-64 have no personal retirement savings at all. The best way to help them save enough for retirement is by increasing what everybody gets from the CPP.



The CPP is the best way to save for retirement

Imagine the security of knowing you've saved enough and your retirement savings are guaranteed – for life.

The CPP covers 93% of Canadian employed workers (essentially the entire labour force). It is portable from job to job, across provinces and keeps up with the cost of living.

The CPP is financed exclusively by workers and their employers. It operates independently at no cost to government.

It is safe, secure, indexed against inflation and its management costs are lower than those charged by the private financial services institutions on RRSPs.

Over the past year there has been a thorough debate in Canada on retirement security. Now Canadians say it's time for action.

There is no longer any excuse for delaying improvements to the CPP. **Let's get the job done!**

Now help us make it happen!

Help us get those finance ministers moving so they expand the CPP this year.



Join the campaign. Invite your friends.

Let's get the job done!

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