



**Submission to
Department of Finance Canada**

Pre-Budget Consultations for Budget 2009

**Submitted by the
Federal Superannuates National Association**

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Overview

FSNA is the largest and most influential advocacy group for federal retirees. As a not-for-profit association with more than 160,000 members, FSNA is recognized as the major representative of federal pensioners – and their partners, and survivors - from the Public Service, Canadian Forces and the Royal Canadian Mounted Police and of retired federally appointed judges. FSNA advocates for positive change at the policy level and quality of life enhancement for its members and seniors in general.

Introduction

The Government is appropriately focused on economic recovery and asking Canadians for their views to help shape the plan that will respond to the economic downturn.

Statistics Canada reported that in 2006 there were 4.3 million seniors in Canada (13% of the total population). The ageing population will have profound impacts on every aspect of life and must be considered when developing public policies for Canadians.

How the Government of Canada reacts to the current financial crisis will foretell how seniors live out their retirement years now and how future generations plan for their retirements.

FSNA values the opportunity to share the following concerns and issues with the federal Finance Department.

1. Expediting Infrastructure Spending

Much work has progressed since the inception of Canada Health Infoway in 2001. While success has occurred in the areas of digitizing diagnostic imaging, telehealth and basic infrastructure for electronic health records, it is limited to projects undertaken in only a few geographical areas of Canada.

A truly pan-Canadian approach is needed **quickly** in order to achieve immediate savings and improve access to patient health records across the continuum of care – including hospitals, clinics, pharmacists, and home and community-based care.

Additional funding is required to speed up the implementation of the plan for every Canadian to have a comprehensive electronic health record. Investing in the health IT sector, through training, education and development in research and innovation will support the economy immediately by increasing employment in these areas. Future savings within the health care system would be substantial as stated in Canada Health Infoway's report, *EHR 2015, Advancing Canada's Next Generation of Healthcare*, (pg. 20). A most important and notable result would be the ease with which patients, especially seniors, would be able to move through the often complex Canadian health care system.

FSNA recommends that the federal government provide additional and substantial financial support to Canada Health Infoway to speed up the planning and implementation of a pan-Canadian system of comprehensive electronic health records for 100% of Canadians.

2. Increasing Financial Security for Seniors

The evidence is clear that Canadians are living longer lives and that retirement years are spread over a longer period than ever before. The outdated federal tax laws that require a minimum withdrawal from Registered Retirement Income Funds (RRIFs) severely restricts seniors' ability to ensure they have income well into their old age, and thereby saving the Government from having to provide further old age benefits and social supports.

Today, RRIF holders face dramatic erosion in the purchasing power of tax-deferred savings as a result of the current tax law. Eliminating the minimum withdrawal requirement would help seniors achieve the post-retirement income security for which they have saved.

FSNA recommends that the Government of Canada eliminate the mandatory minimum withdrawal from RRIFs giving seniors the flexibility to manage their own life savings.

3. Bridging the Gap in Occupational Pension Coverage

An initiative that requires immediate attention to ensure financial security for all future Canadian seniors in their retirement years is the expansion of the Canada Pension Plan/Quebec Pension Plan (CPP/QPP). This initiative would fill the gap in occupational pension coverage.

Currently, private employers are not compelled to sponsor a registered pension plan (RPP). In 2006, this resulted in over 60% of Canadian paid workers that were not covered by an occupational pension plan.¹

FSNA believes a vertical expansion of the CPP/QPP is the ideal way to address the issue of insufficient planning or support for retirement savings for seniors. Since the implementation of the CPP/QPP in 1966, the Guaranteed Income Supplement (GIS) uptake rates have decreased from about 60% to less than 40%.² Expanding the CPP/QPP vertically would further reduce seniors' dependence on GIS benefits.

Expanding the CPP/QPP is the best means to ensure adequate retirement income for all working Canadians.

FSNA recommends that the Government of Canada work with provincial and territorial governments to increase:

- the income replacement rate for CPP/QPP to 70% from 25%; and
- The CPP/QPP maximum pensionable earnings (YMPE) from the average wage to the limit applying to registered pension plans (i.e. \$111,111 for 2008).

Conclusion

FSNA urges the Government of Canada to provide the leadership and take the necessary initiatives to help Canadian seniors age well and achieve financial security, now and into the future.

Notes:

¹Statistics Canada, 2008 Pension Plan in Canada and Labour Force Survey. Summary table titled, "Proportion of labour force and paid workers covered by a registered pension plan."

²Office of the Superintendent of Financial Institutions Canada, Office of the Chief Actuary, 2003 Actuarial Report (7th) on the Old Age Security Program pg. 24, table 5. (www.osfi-bsif.gc.ca)