

SECURITY FOR ALL:
**THE ONTARIO RETIREMENT
PENSION PLAN**

WHAT **LEADERSHIP** IS.

KATHLEEN WYNNE'S PLAN FOR ONTARIO

Kathleen





SECURITY FOR ALL: THE ONTARIO RETIREMENT PENSION PLAN

Our Goal:

The Ontario Retirement Pension Plan will pay Ontarians more in retirement.

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STRONG LEADERSHIP IS NEEDED TO ADDRESS CANADA'S RETIREMENT INCOME CRISIS. In the last generation, the traditional pensions that used to accompany a job have disappeared. Most working people no longer have the security of a pension to cushion the transition to retirement. Too often, the burden of preparing for retirement falls on the individual. It isn't working. The prospect of paying for retirement is one of the top anxieties Ontarians feel. Too many Canadians in their 20s and 30s are so busy paying down debt or costs associated with starting a family that they can't even consider saving for retirement. And too many Canadians in their 40s and 50s are faced with the challenge of providing for themselves, their children and for their elderly parents. **The reward for a lifetime of hard work should not be poverty in your golden years.**

There are economic ramifications for not acting to avert this crisis. Retired people make up a large percentage of the economy. If their spending power goes down, the economy will suffer. And if people don't have adequate pensions, social assistance costs will soar.

We have a strong retirement income system in Canada, starting with the Canada Pension Plan (CPP). However, the CPP is not enough – the basic structure of its benefits has not changed since 1966. The maximum benefit is only \$12,500 per year, and the average benefit is just \$6,800 per year. Privately available options do not work well enough to make up the difference; in 2012, there was approximately \$280 billion of unused Registered Retirement Savings Plan (RRSP) room in Ontario.

Workers and employers must work together to help fund better retirement savings options. However, the federal government has rejected a nation-wide consensus of Premiers, led by Kathleen Wynne in Ontario, and is refusing to enhance the CPP.

We choose to lead. In the absence of federal leadership, as part of our 10-year plan, a Kathleen Wynne government will **create the Ontario Retirement Pension Plan (ORPP)**, the first of its kind in Canada. The ORPP will provide a **predictable stream of income in retirement, funded by investment returns and premiums from employers and employees, and will operate at a low cost.**

The time to lead is now. By making the right choice, we can provide Ontarians with a more secure retirement. **This is our chance. This is the choice.**

SUPPORTING ONTARIANS WITH SECURE AND PREDICTABLE INCOME IN RETIREMENT

The ORPP will ensure Ontarians have a secure and predictable income in retirement.

For example, someone earning \$45,000 and working for 40 years would get an annual ORPP benefit of approximately \$6,410 in retirement for life – that's on top of all other benefits, including the CPP. Someone earning \$45,000 and working for 20 years would get an additional \$3,205 annually.

Someone earning \$70,000 and working for 40 years would get an annual ORPP benefit of approximately \$9,970 in retirement for life – that's on top of all other benefits, including the CPP. Someone earning \$70,000 and working for 20 years would get an additional \$4,985 annually.

Someone earning \$90,000 and working for 40 years would get an annual ORPP benefit of approximately \$12,815 in retirement for life. That's on top of all other benefits, including the CPP, and could double the retirement benefits that person receives. Someone earning \$90,000 and working for 20 years would get an additional \$6,408 annually.

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Annual salary	\$45,000	\$70,000	\$90,000
Estimated annual ORPP contribution (employee)	\$788 (\$30.31/pay)	\$1,263 (\$48.58/pay)	\$1,643 (\$63.19/pay)
Estimated annual ORPP contribution (employer)	\$788 (\$30.31/pay)	\$1,263 (\$48.58/pay)	\$1,643 (\$63.19/pay)
CPP annual benefit (based on 40 years of employment)	\$10,680	\$12,460	\$12,460
Additional ORPP benefit (based on 40 years of employment)	\$6,410	\$9,970	\$12,815
Total CPP + ORPP annual benefits	\$17,090	\$22,430	\$25,275

A KATHLEEN WYNNE GOVERNMENT WILL LEAD THE CREATION OF AN ONTARIO RETIREMENT PENSION PLAN, BASED ON THE FOLLOWING PRINCIPLES:

- ✔ **SECURE AND PREDICTABLE INCOME IN RETIREMENT:** The ORPP will pay a secure and predictable income in retirement.
- ✔ **FAIR AND EQUAL CONTRIBUTIONS:** The ORPP will require equal contributions from employers and employees of no more than 1.9 per cent of income from each, to a maximum earnings level of \$90,000 per year. We will phase in contribution rates over two years. Contributions would begin to be collected in 2017, at the same time as Employment Insurance premiums are expected to be reduced.
- ✔ **STRONG, INDEPENDENT AND ACCOUNTABLE MANAGEMENT:** The ORPP will be publicly administered at arm's length from government. We will take advantage of the expertise in our financial services and pensions sectors to make sure the plan is governed well and yields the best possible returns.
- ✔ **ECONOMIC BENEFITS TO ONTARIO:** The ORPP will be able to invest the premiums it collects in Ontario businesses and infrastructure, enhancing our competitiveness. In time, the benefits it will pay out will result in greater spending in the Ontario economy.
- ✔ **WORKING ACROSS THE COUNTRY:** We will work with other provinces who have expressed an interest in the ORPP and will work to make the ORPP portable across the country. If the federal government agrees to enhance the CPP in the future, the ORPP could be integrated into the CPP at that time.
- ✔ **IMMEDIATE ACTION:** We will work aggressively to set up the ORPP so that it can begin on schedule in 2017. In the meantime, in the first year of our mandate, we will introduce legislation to create Pooled Registered Pension Plans, for those who want to take advantage of another savings option on their own.
- ✔ **FAIR FOR BUSINESS:** Employers offering a comparable workplace pension plan would not be required to enroll. We will consult on how best to help self-employed people achieve a secure retirement future.