CANADIAN FEDERATION OF INDEPENDENT BUSINESS
Powered by Entrepreneurs™

Action Alert

Fix Pensions Now: Not one cent more in CPP/QPP!

To: **Finance Minister Flaherty**
& All Provincial Finance Ministers

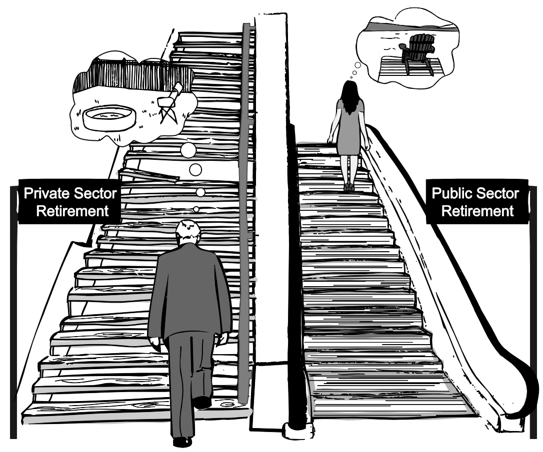
cc My MP:____________________
Fax c/o CFIB: 1 613 235-4137

From: ____________________ Name

____________________ signature

____________________ Business Name

____________________ Email (Optional)



We Canadians face a very real crisis: the lack of fairness and sustainability in our pension system. The causes? **Overly generous public sector pensions, demographics and weak investment returns**.

Union leaders want to double CPP/QPP benefits by hiking premiums by 60% for employees and employers. **This tax increase will kill jobs.** My taxes already support very generous public sector pensions. These pensions will get even more expensive as the population gets older. We need changes, and we need them now.

I'm pleased to hear the **federal government is looking at changes to MP and public sector pensions**—this is important as **the unfunded liability in federal pensions is estimated at $200+ billion.** All governments need to address public sector pensions as taxpayers don't even know the liabilities at the provincial or municipal levels. We can't afford to wait: governments in Europe and the US are raising taxes and cutting benefits as they ignored the pension warning signs. **I don't want my kids and grandkids to be saddled with this problem!**

CFIB President Catherine Swift speaks for me when she said:

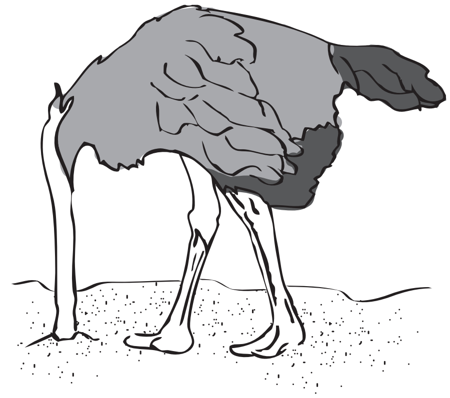
"Canadians should not be asked for one more cent in payroll taxes until governments get public sector pensions in order."

I am NOT asking for existing pension commitments to public sector workers to be taken away. However, political leaders **MUST** bring greater fairness and sustainability to Canada's pension system, and **not increase CPP/QPP until governments:**

- ☐ Lead by example: Scale back platinum MP/political pensions or convert to defined contribution plans.
- ☐ Enroll all new hires in the public sector in reasonable defined contribution plans with a 50:50 share in premiums and put an end to incentives to retire early.
- ☐ Fully disclose public pension liabilities at all levels of government with the same methodology every year.
- ☐ Improve access to retirement savings options for entrepreneurs by indexing the LCGE to inflation, including assets, and allow the deferral of capital gains when transferring a business to the owner's children.

DIN0794-1202

Let’s Face Facts



Governments and unions have their heads in the sand and continue to ignore the problems of unfunded public sector pensions. Taxpayers and future generations are on the hook for these liabilities.

Financial Reality:

- Estimates show federal public sector pensions are underfunded by between $150 and $230 billion.
- Total public sector pension liabilities (provinces, municipalities, crown corporations/agencies) are unknown and common reporting standards do not exist.

Demographic Reality:

- *“By 2030, there could be a marked increase in the share of elderly people relative to the number of people employed, with only two employed people for every elderly person, compared to the current proportion of three, and about five in 1960.”* (OECD Paying for Pensions Report)
- Canadians are living much longer now than when these pensions were set up: *“Programs that were expected to fund people for 15 years cannot adequately support people for 25 or 30 years.”* (Martin Herin, University of Toronto)

2012 Update:

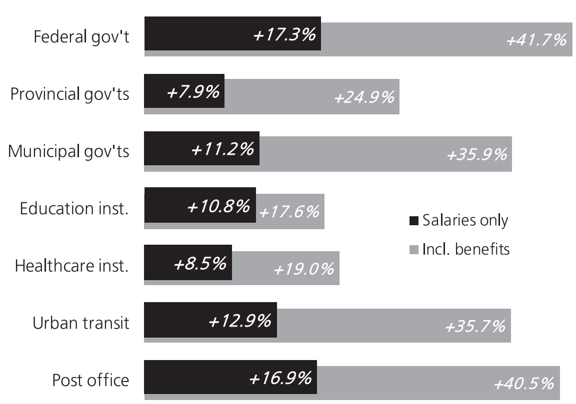
- CFIB has already moved the ball forward after receiving and delivering 26,000 Pension Action Alerts from members.
- In December 2011, the Standing Committee on Finance recommended, “the federal government review public sector pensions to ensure their ongoing cost and sustainability.”
- The province of New Brunswick and several cities have begun reviews of public sector pensions.

Note on CFIB’s Position

“We are not calling for changes to past benefits that have already been earned.”

(Catherine Swift, CFIB National News Release May 25, 2011)

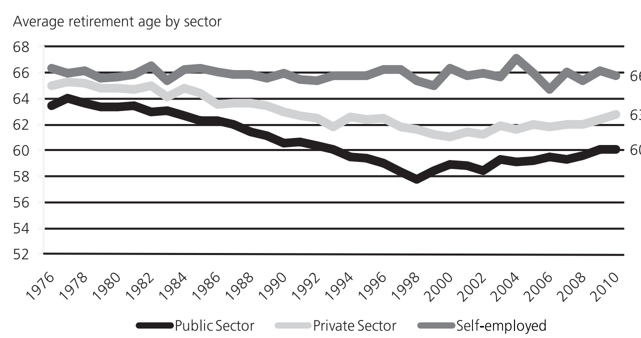
Wage/benefit gap for public sector



Source: CFIB analysis of Census 2006 custom tabulation

- The public sector is already paid **$19 billion more every year** than if they were paid at private sector norms.
- Federal public servants pay only about 37% of their pension costs—**taxpayers pay the rest**.
- Some public servants get massive severance payments when **they quit or retire**.

Early retirement



Source: Statistics Canada, CANSIM, Table 282-0051, 2010

Early retirement with full pensions and extended benefits only exists in the public sector. Some civil servants can retire at 55. Governments even top up CPP/QPP for those retiring early. With the shrinking labour force, can Canada afford to encourage any workers to retire early?

Find CFIB on Facebook / twitter Follow @cfib on Twitter