

Pension reformers urged to consider younger Canadians ^[1]

Author: Curry, Bill

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EXCERPTS

A group advocating for younger Canadians is urging finance ministers to think more broadly about why some people are not saving enough for retirement, including factors like ballooning home prices, student debt and the cost of child care.

Federal Finance Minister Bill Morneau has said he is optimistic a deal to enhance the Canada Pension Plan can be reached at a meeting with his provincial counterparts June 20 in Vancouver, with approval of final details to follow in December.

But it is not clear Mr. Morneau will find the support from seven provinces representing two-thirds of the Canadian population that he will need. Ontario Premier Kathleen Wynne has warned of a retirement income “crisis” and passed legislation to impose a new provincial pension plan if national talks fail. However, Saskatchewan Premier Brad Wall says higher payroll premiums would hurt a fragile economy.

The finance ministers can expect a flurry of lobbying this week from all sides of the debate including business, labour and seniors.

And for the first time, finance ministers are hearing from an emerging group organized to advocate for those who would be most affected by any change: Canadians in their 40s or younger.

Founded by University of British Columbia population and public health professor Paul Kershaw, 41, Generation Squeeze aims to model itself after the seniors’ advocacy group CARP in the hope of influencing public policy provincially and federally.

The group points out that many young Canadians cannot afford to save more because of the high costs of transportation, child care and student debt.

“How do you bleed water from a stone?” Dr. Kershaw asked rhetorically.

The Vancouver-based organization formed as a national group in 2015 and has mostly been in the news commenting on the city’s real-estate market, but Generation Squeeze recently was the only citizens’ group to add its signature to a letter from business organizations calling for a targeted enhancement to the CPP.

The letter sent to finance ministers called for people who earn more than about \$27,500 a year to pay higher premiums and receive more generous retirement benefits. Helping Canadians who earn less than that is better accomplished through Old Age Security and the Guaranteed Income Supplement, it argues.

The position places Generation Squeeze at odds with organizations like the Canadian Labour Congress, which favour an increase in premiums for everyone who currently contributes to the CPP so that they will receive more generous retirement benefits.

Dr. Kershaw said he agrees with the business groups’ view that requiring higher premiums for workers earning less than about \$27,500 could prove counter-productive, as it might lead to a clawback of geared-to-income retirement benefits.

When finance ministers gather in Vancouver, Dr. Kershaw said he hopes the discussion is not limited to the CPP.

“Let’s conditionally support this expansion of CPP. That makes good sense. But let’s simultaneously have it go hand-in-hand with policy changes that would allow people to reduce some other costs,” he said.

Generation Squeeze acknowledges that any generation will include a wide range of views on public policy. However, Dr. Kershaw said there is broad agreement around a “general narrative” that young people feel that the promise of more education has not led to the promised gains in adulthood, and in fact has also saddled them with higher student debt. The group also highlights statistics on the inter-generational consequences of government decisions.

For instance, it has published research estimating federal and provincial governments spend a combined \$33,000 per person in Canada on those aged 65 and up but only about \$12,000 per person those who are 45 or younger.

The group also pointed out that during the 2015 election campaign, all of the main federal parties promised significantly more new

spending on seniors than on Canadians who are 45 and under.

“We do the age comparisons to help remind a younger demographic that politics isn’t broken in this country,” said Dr. Kershaw, pointing to the policy gains older people won because of advocacy and the fact that a high proportion of them vote. “We’re reminding people about some of the great things politics does when people organize and show up.”

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