



Chamber of Commerce
Brantford - Brant

Ontario Retirement Pension Plan

Issue

In the budget released on April 23, 2015 the Ontario government stated its' firm commitment to establish a stand-alone mandatory pension plan by 2017. This will be achieved by the creation of a stand-alone provincially managed program (ORPP) or the introduction of legislation to enact Pooled Registered Pension Plans (PRPPs) which are managed by regulated financial institutions. As proposed this plan would require employers and workers to contribute 1.9% of an employee's yearly earnings to a maximum of \$90, 000 per year. As it stands, only the few employers with defined benefit pension plans would be exempt from the plan. The proposed all-in pension plan will negatively impact economic competitiveness and job creation in our community. Business believes that pension reform is important but it needs to be balanced against the broader economic health of Ontario. According to a survey published by the Ontario Chamber of Commerce on March 27, 2015, 74% of businesses in Ontario believe they cannot shoulder the financial burden that would result from the ORPP. If faced with mandatory increased contributions under the ORPP, 44% of surveyed businesses indicate that they would reduce their current payroll or hire fewer employees in the future.

What we know so far

1) ORPP: stand-alone provincial program modelled after CPP with mandatory matching employer contributions. Additional layer of bureaucracy brings cost and burden. All-in approach, most workplace plans (defined contribution, deferred profit, group RRSP) are not considered comparable.

2) PRPP: extends access to individuals who do not have access to a workplace pension plan. Managed by regulated 3rd party institutions reduces cost and risk. Pool funds together to achieve economies of scale. Can be accessed by SME where the need is greatest. Offers flexibility and choice.

Our Position

Any enhancement to the existing pension system must be supported by principle and evidence. We believe pension reform must not impact Ontario's long-term competitiveness, administrative costs and regulatory burden must be minimalized and should focus on individuals that need additional pension support. Employers that already offer retirement savings plans should not be mandated to pay into a new pension plan. We recommend the establishment of a voluntary plan to allow Ontarians to participate in PRPPs. In the event of the establishment of an ORPP, the legislated definition of "comparative plans" must be expanded to encompass an existing workplace retirement savings plans such as defined contribution and group registered retired savings plans to ensure that those employers already offering a suitable alternative shall not be required to incur additional cost.

Approved by the Board of Directors Chamber of Commerce Brantford Brant May 27,2015

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