



FINANCIAL SECURITY: Pensions and Federal Budget Update

This document outlines the details of the Financial Security pillar of CARP's national policy platform known as **The FACES of Canada's Seniors**. **FACES** is the basis of CARP's advocacy campaign focused on making Canada the best place to age.

The five pillars of FACES are:

FINANCIAL SECURITY

ABUSE PREVENTION

CCAREGIVING AND HOUSING SUPPORTS

EXCEPTIONAL HEALTH CARE

SOcial INCLUSION

CARP is calling on government to remove barriers and increase supports to ensure that all Canadians can live out their lives with financial security, and to apply a seniors' lens to consumer protection initiatives.

1. Protect Pensioners from Corporate Defaults

CARP ask: Grant the 1.3 million Canadians with corporate defined benefit pension plans super-priority status in the event of bankruptcy or insolvency. Bring pension protections in Canada in line with other jurisdictions by supporting Pension Benefit Guarantee Funds for all pensioners.

Here is what the 2019 Budget says:

"Budget 2019 proposes new measures that will make insolvency proceedings fairer, more transparent and more accessible for pensioners and workers. This will be accomplished in part by requiring everyone involved to act in good faith, and by giving courts greater ability to review payments made to executives in the lead up to insolvency.

2. Eliminate Mandatory Registered Retirement Income Fund (RRIF) Withdrawals to Better Protect the Middle Class

CARP ask: Update RRIF rules to recognize increased longevity and decreased returns. Eliminate forced RRSP withdrawals, which punitively tax the growing number of seniors working past the age of 71.

Here is what the 2019 Budget says:

To provide Canadians with greater flexibility in managing their retirement savings, Budget 2019 proposes to permit two new types of annuities under the tax rules for certain registered plans:



- advanced life deferred annuities will be permitted under a registered retirement savings plan (RRSP), registered retirement income fund (RRIF), deferred profit sharing plan (DPSP), pooled registered pension plan (PRPP) and defined contribution registered pension plan (RPP); and
- variable payment life annuities will be permitted under a PRPP and defined contribution RPP.

The measures will apply to the 2020 and subsequent taxation years.”

3. Improve Protections for Bank Customers and Investors

CARP ask: Create a best interest standard to ensure advisors put the interests of investors ahead of their own. Require simple, accessible disclosure of costs for financial products which include an investment component. Introduce robust protections for consumers when dealing with financial institutions and telecommunications companies. Make the Ombudsman for Banking Services and Investments the single, binding dispute resolution body for banking and investment services.

The 2019 Budget did not address protections for bank customers and investors. CARP continues to call for these changes.

4. Provide Additional Support to the Poorest Older Canadians

CARP ask: Extend the current exemption of \$3,500 of employment income for GIS purposes to all forms of income. Lower the claw-back rate on the GIS top-up to 50% to provide respite for our poorest seniors – who are overwhelmingly women.

A win for CARP! Let’s make sure these changes are implemented in 2020. Here’s What the 2019 Budget Says:

“Changes to the GIS will allow low-income older Canadians to effectively take home more money while they work. Budget 2019 proposes to introduce legislation that would enhance the GIS earnings exemption beginning with the July 2020 to July 2021 benefit year.

The enhancement would:

- Extend eligibility for the earnings exemption to self-employment income.
- Provide a full or partial exemption on up to \$15,000 of annual employment and self-employment income for each GIS or Allowance recipient as well as their spouse, specifically by:
 - Increasing the amount of the full exemption from \$3,500 to \$5,000 per year for each GIS or Allowance recipient as well as their spouse;
 - Introducing a partial exemption of 50 per cent, to apply to up to \$10,000 of annual employment and self-employment income beyond the initial \$5,000 for each GIS or Allowance recipient as well as their spouse.”