



**Submission to Finance Canada regarding
A Voluntary Supplement to the Canada Pension
Plan (CPP)**

September 10, 2015

Introduction

The Canadian Chamber of Commerce appreciates the opportunity to offer its perspectives on questions asked by Finance Canada regarding a voluntary supplement to the Canada Pension Plan (CPP).

The Canadian Chamber has long supported providing employers and employees with retirement savings options that recognize their varying resources and needs. The CPP, a mandatory payroll tax, is one of the pillars of Canada's retirement savings system. (The other pillars being: private voluntary retirement savings vehicles, many of which are attached to tax incentives, and Old Age Security/Guaranteed Income Supplement.) Higher payroll taxes increase the costs of hiring and companies with fixed budgets for wages may be forced to reduce staffing levels or reconsider hiring new employees. This is why the Canadian Chamber's position has been that any enhancements to the CPP should be voluntary and funded by employee premiums only.

Question: *Do you believe a voluntary supplement to the CPP should be an option for Canadians to save for retirement? Is this something you would use to increase your retirement savings?*

Yes, the Canadian Chamber believes that a voluntary supplement to the CPP should be a retirement savings option for Canadians.

Question: *How could a voluntary supplement to the CPP be designed to facilitate participation of individuals who may be at risk of under saving for their retirement?*

The determination regarding whether or not individuals are saving enough for retirement is subjective and a voluntary CPP supplement should be offered to all Canadians paying into the Canada Pension Plan. It is the Canadian Chamber's view that treating a voluntary supplement in the same manner as mandatory CPP contributions, i.e., deduction at source, would make participation most attractive and the desired objective - increasing retirement savings - successful.

Question: *How much flexibility should there be for individuals who choose to participate? For example, what are your views on locking-in funds for retirement and providing variability in the contribution rates?*

Voluntary CPP contributions should - like mandatory premiums - be locked in until the contributor meets the current criteria for receiving payments.

There should be a range of 2-4 supplementary contribution rates.

Question: *Should transfers between a voluntary supplement to the CPP and other retirement savings vehicles be permitted? If yes, should there be any limits?*

Voluntary contributions to the CPP should be treated in the same manner as those that are mandatory, i.e., non-transferable.

Question: *While employers would not be required to contribute, what would be the appropriate role for employers?*

It is our belief that employers should – and would be willing to – collect and remit voluntary CPP contributions from/on behalf of their employees as they do today with mandatory premiums.

Question: *Who should be responsible for investing the contributions made to a voluntary supplement to the CPP?*

Voluntary CPP contributions should be treated the same as mandatory premiums with their investment falling under the responsibility of the Canada Pension Plan Investment Board (CPIB).