



Canadian Life
and Health Insurance
Association Inc.

Association canadienne
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NEWS RELEASE

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CANADIANS WANT WORKPLACE RETIREMENT PLANS — CLHIA RELEASES RECOMMENDATIONS TO IMPROVE ACCESS AND USE

Toronto -- The Canadian Life and Health Insurance Association (CLHIA) is recommending changes to dramatically improve use of workplace retirement savings plans including expanding access to multi-employer pensions plans (MEPPs) and protecting savings in group RRSPs through locking-in employer contributions.

New research by the Environics Research Group finds that 89 per cent of Canadians want workplace-based retirement savings programs made available to all workers. Fifty-six per cent of those not already in such plans are interested in joining one, with younger workers particularly keen (69 per cent of 18-29 years olds; 68 per cent of 30-44 year olds.) Four-in-ten (41 per cent) workers would consider changing jobs to an employer that offered one.

“We are at a moment of real opportunity to build on existing strengths and create a better retirement savings system for future generations” said Frank Swedlove, President, CLHIA. “We need to expand access and promote more use of workplace-based programs. That includes cutting the red tape and expense that hold back small business from offering them.”

Currently only about 50 per cent of Canadian private sector workers participate in a workplace-based savings program such as an employer-sponsored pension or group RRSPs.

CLHIA’s recommendations are included in a new policy paper, *Saving More for the Future: An Achievable Goal for Canadians*, released today (**complete report available at www.clhia.ca**.)

Key recommendations include:

- Amend pension legislation to permit any employer (including self-employed) to participate in a DC-MEPP (Defined Contribution Multi-Employer Pension Plan.) This would relieve employers of almost all administrative costs and compliance burdens for pension plan management;
- Require businesses with 20 or more employees to offer their own pension plan either via a DC-MEPP or a group RRSP. This would ensure that more than 80 per cent of Canadian workers would have access to an efficient, cost-effective way to save for retirement;
- Lock-in employer contributions to group RRSPs;

- Broaden the definition of “earned income” for RRSP purposes to include items such as royalties, active business income, rental income, etc. The current definition creates savings barriers for the self-employed and professionals.

“This country does not need another big government savings plan,” says Swedlove. “What we need is to build on the solid foundation of the retirement savings system and untap the potential for Canadians to save more through workplace plans, particularly in small businesses – Canada’s fastest growing area of employment.”

The CLHIA’s recommendations come as the federal and provincial governments begin consultations on Canada’s retirement savings system and with a finance ministers’ meeting planned for May.

About CLHIA

The Canadian life and health insurance industry administers more than 70 per cent of pensions plans for Canada’s small and medium-sized businesses and the vast majority of group RRSPs. CLHIA members manage more than 45,000 employer pension, group RRSP, and other savings programs serving more than 4.9 million Canadians with more than \$105 billion in assets.

The Canadian life and health insurance industry provides a wide range of financial security products, including life insurance, annuities (including RRSPs, RRIFs and pensions) and supplementary health insurance, to about 26 million Canadians and their dependants. Established in 1894, the CLHIA is a voluntary association whose member companies account for 99 per cent of Canada’s life and health insurance business.

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Research information: A national telephone survey of 2001 working Canadians by Environics Research Group collected between March 4-10, 2010. A total sample of this size produces results considered accurate to within +/- 2.2. percentage points, 19 times out of 20.

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Links referenced in this news release:

Saving More for the Future: An Achievable Goal for Canadians
http://www.clhia.ca/download/Policy_Saving_More_For_The_Future_ENG.pdf

Industry Fact Sheet: Retirement Savings
http://www.clhia.ca/industry_fact_sheets/ENG_retirement.htm