

Retirement Income Coalition



Retirement Income Coalition applauds the move to eliminate foreign property rules, and the move to increase RRSP and registered pension limits

OTTAWA, February 23, 2005 – The Retirement Income Coalition (RIC), a group of Canada's largest associations, corporations, and pension managers, was pleased by the move to eliminate foreign property ceilings within their registered retirement savings. Despite the increased contribution thresholds for RRSPs and registered pension plans, the Coalition remains concerned that this will be inadequate.

Pierre Beauchamp, Chief Executive Officer of the Canadian Real Estate Association (CREA) and Chair of the RIC said, "While we congratulate Minister Goodale and the government for removing the limits on foreign property holdings, we are disappointed that the government has not gone far enough to address the critical need for substantially higher RRSP and registered pension plan contribution limits."

In its pre-budget submission to the Standing Committee on Finance, the Coalition argued that the limits should be immediately raised to \$20,500, rising quickly thereafter until reaching \$27,000 in 2003 dollars, followed by indexing to inflation. The Coalition also called for an immediate increase in the defined benefit pension contribution limit by 64% (from \$1,833 to \$3,000), and the raising of the RRSP conversion age from 69 to 71 years.

Conversely, the 2005 federal budget announced that annual contribution limits to Registered Pension Plans (RPPs) will be increased to \$19,000 in 2006, \$20,000 in 2007, \$21,000 in 2008, and \$22,000 in 2009. For RRSPs the limits remain unchanged in 2006, and increase to \$19,000 in 2007, \$20,000 in 2008, \$21,000 in 2009, and \$22,000 in 2010. Following these increases, both RPPs and RRSPs will be indexed to wages (as of 2010 for RPPs, and 2011 for RRSPs).

Malcolm Hamilton, a senior consulting actuary with Mercer Human Resources Consulting, and a member of the Coalition, went on to say, "Many Canadians approaching their retirement years have yet to recover from the significant setback to their registered savings as a result of the last equity market correction, and were looking for meaningful government action in this budget that would open up contribution limits to further investment. Changing demographics are making this issue more pressing each year, and by ignoring this problem, its long-term severity is only increasing."

Ian Markham, a senior pension actuary with Watson Wyatt Canada, and a member of the Association of Canadian Pension Management (ACPM) said, "By taking action to open retirement savings to further investments in foreign markets and thus increasing the potential to maximize investment returns, Minister Goodale is showing the kind of foresight that will serve to safeguard Canadians' investments for the future. We congratulate the government for responding favorably to this long sought-after request."

The Retirement Income Coalition (RIC) is a diverse coalition of national organizations, all of which have a keen interest in the health and reform of the Canadian retirement income system. The RIC was formed in 1997 with a mandate to work cooperatively with the government, to ensure a responsible and comprehensive approach is taken to any reform of Canada's retirement income system.

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