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## NEWS RELEASE

### ***Study finds government's plan for pooled pensions inadequate***

#### ***IRPP authors propose alternative to improve benefits, cap fees, reduce risks***

**Montreal** – The majority of Canadians lack retirement security and the federal government's proposed pooled registered pension plan (PRPP) will do little to reduce risks for these individuals, according to a new study from the Institute for Research on Public Policy (IRPP).

The study, *Pooled Target Benefit Pension Plans: Building on PRPPs*, by Robert Brown, former president of the Canadian Institute of Actuaries, and IRPP Research Director Tyler Meredith, explores ways to expand pension coverage and better manage risk for pension members, as well as to provide cost predictability for employers.

The authors recommend the pooled target-benefit pension plan (PTBPP), which would involve commingling assets across all participating workplaces to maximize scale efficiencies in investment and manage actuarial risk. Like the PRPP, this model would be voluntary, but for participating workplaces, employers' matching contributions would be mandatory and fixed. The PTBPP would also protect employers from cost volatility, and provide employees with a reasonable expectation of retirement benefits and more effective retirement saving with capped management fees.

"For many workers and employers this would be a vast improvement over their situation today," says Brown. "The plan that we propose would provide better pension coverage, security in retirement savings and cost efficiency for members than would PRPPs or most current private group or individual plans."

While it won't resolve all of the challenges facing Canadians in securing their retirement incomes, the PTBPP should be less costly than a defined-benefit pension and a more effective savings vehicle than a defined-contribution model, according to the authors.

"Perhaps most importantly for policy-makers, this plan is a timely proposal with the potential to address many of the limitations of the PRPP within the existing framework of Bill C-25," notes Meredith. "Given the uncertainty surrounding the future of pension reform in Canada, it should be viewed as a practical step forward."

*Pooled Target-Benefit Pension Plans: Building on PRPPs*, by Robert L. Brown and Tyler Meredith, can be downloaded free of charge from the Institute's Web site ([www.irpp.org](http://www.irpp.org)).

-30-

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