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## NEWS RELEASE

### ***Innovative pension reforms provide lessons for Canada***

#### ***Variety of foreign schemes provide expanded coverage at low cost***

**Montreal** – Declines in occupational pension coverage and the inadequacy of personal savings alternatives require Canada to look at innovative retirement saving reforms introduced elsewhere, according to a new study published by the Institute for Research on Public Policy (IRPP).

“An increasing number of governments are making adjustments to their pension system to broaden coverage of occupational pension plans,” notes author Patrik Marier. “It is now time to address this issue in Canada to ensure that future generations will be able to retire without facing a significant decline in their standard of living.”

In *Improving Canada’s Retirement Saving: Lessons from Abroad, Ideas from Home*, Marier examines pension reforms in Norway, Sweden, New Zealand, the United Kingdom and Saskatchewan. He provides insights that might help Canada to tackle challenges associated with its largely ineffective and costly voluntary programs.

Sweden expanded pension coverage at a low cost to workers by mandating individual accounts. In New Zealand, individual pension accounts provide coverage for 1.5 million workers. Automatic enrolment with opt-out provisions, financial incentives and education play a key role.

Saskatchewan’s experience with a voluntary, defined-contribution pension plan showed that financial incentives and a low cost structure could make this alternative popular with homemakers, workers and employers who can contribute irregularly to a single, pooled fund.

The challenges for Canada in implementing these reforms would be significant, however. Much coordination among businesses as well as between governments would be required. The relationship between any new programs and existing occupational plans would have to be addressed.

“Given the limited replacement rate offered by the CPP/QPP,” says Marier, “it is imperative that middle- to high-income earners have adequate access to private retirement savings or that the replacement rate offered by the CPP/QPP be increased.”

*Improving Canada’s Retirement Saving: Lessons from Abroad, Ideas from Home*, by Patrik Marier, can be downloaded free of charge from the Institute’s Web site ([www.irpp.org](http://www.irpp.org)).

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