



40
YEARS
ANS
Institute for
Research on
Public Policy
Institut de
recherche
en politiques
publiques

For immediate distribution – December 7, 2012

NEWS RELEASE

Reform of the Federal Public Service Pension Plan Needs to Be More Comprehensive

Montreal – As governments across Canada embark on public sector pension reform, a new study from the Institute for Research on Public Policy examines the federal Public Service Superannuation Plan (PSSP) and concludes that reform needs to be more comprehensive than recent commentary and policy developments have suggested.

In [*The Federal Public Service Superannuation Plan: A Reform Agenda*](#), pension expert Bob Baldwin goes beyond a simplistic comparison of the public and private sector pension landscape to critically assess the long-term fiscal, demographic and human resource management context facing the PSSP and the federal government. He finds that the PSSP is indeed more generous than other plans, and argues that the reforms the federal government announced in the 2012 budget do not provide a long-term fix. "More significant reforms are required to make the plan more consistent with other public sector plans in Canada, as well as to ensure that it is cost-effective and positioned to support the government's future workforce needs."

As Baldwin notes, one of the most important considerations of a pension plan is its ability to deliver a relatively consistent standard of living for participants before and after retirement. "In the PSSP, the cost of consumption forgone by employees today to pay for benefits upon retirement is approaching a tipping point," Baldwin finds. "It is therefore in the interest of both the employer and the employees to contain the costs of the plan more effectively."

In the context of an aging workforce, Baldwin recommends that the federal government not do away with the PSSP's defined-benefit structure. Instead, he recommends it adopt a governance and risk-sharing framework similar to the jointly sponsored/jointly governed model used by pension plans in Ontario's broad public sector.

Economic, demographic and political circumstances have put the public sector pension plans on the political agenda. Baldwin's study cuts through the hyperbole of much of the recent discussion about the PSSP and sets out a comprehensive, evidence-based agenda to help stakeholders and decision-makers move forward.

[*The Federal Public Service Superannuation Plan: A Reform Agenda*](#) can be downloaded free of charge from the Institute's Web site (www.irpp.org).

- 30 -

For more details or to schedule an interview, please contact the IRPP.

To receive our monthly bulletin [*Thinking Ahead*](#) via e-mail, please subscribe to the IRPP e-distribution service by visiting our Web site.

Media Contact: Ann Viau

Tel: 613.851.1656

communications@irpp.org