Alberta Supplementary Pension Plan
Edmonton Centre PC Association

Key Messages:

- Retirement industry experts foresee a funding problem for existing private sector pension plans, as the baby boom demographic begins to age and draw from them. A supplementary provincial government pension plan would be a pro-active step at combating this problem before it truly begins. The Alberta government could fund a supplementary retirement savings plan for Albertans, which will insulate the retirement income of all Albertans into the distant future.

- An additional supplementary pension plan in Alberta would serve as an additional incentive to attract other Canadians to the province. In the coming years as our provincial economy grows it will require further migration of Canadians from other provinces. This will also serve the interests of Canada as a whole, as individuals from economically challenged regions are drawn to Alberta where their labor is needed and best utilized.

- The supplementary pension plan is designed to be used inclusive of other sources of retirement income such as CPP, OAS, and other retirement streams, it is **'not'** to be viewed as opting out of CPP but rather 'supplementing' it.

- Rebate cheques are better used as an investment for each Albertan, rather then a cash injection into the economy in a boom time.
    - Governments should save in times of boom and spend in time of recession to jump start the economy.
    - The economy is already over-heated and further injections of cash only serve to exasperate existing economic problems such as labour shortages. The money is better invested for Albertans in a pension plan and saved.

- 400 dollars invested today for a 20 year old at a 5% return for 45 years, to retirement age 65, would result in that 400 dollars alone growing to 3,594.00. Money that would be available to them at a more critical time, a time when they can no longer work.

Specifics:

- Eligibility would be done through Revenue Canada in a manner similar to the Rebate Cheque of 2006.

    - Eligibility to the plan would be based on Alberta Residency in the last Federal Income Tax filing. Individuals would have to have lived in Alberta in the previous tax year. They would then receive their first pension contribution at the end of the following tax year having proven two concurrent years of Alberta residency.

- The plan would be a Defined Contribution Pension Plan. The Alberta Government would define each year its' contribution to the plan to all Albertans equally. Due to the eligibility requirements, it would know the number of Albertans eligible prior to the yearly budget based on the number of Albertans who filed income tax returns in the past.

- Individual Albertans, once eligible, would be automatically enrolled through a data file from Revenue Canada and into a default fund. They would then enroll the specific investment information on-line into the plan and decide upon their investment instructions. Their rate of return based upon their personal investment choices, similar in principle to any RRSP investment choice or private DC-RPP plan.

- Administration could occur through government or through a private carrier. There are pros and cons to either choice. In either scenario though there would be a requirement for close communication with Revenue Canada for enrolment purposes and a well developed Internet site to communicate information about the plan and the accounts to individual Albertans.

- There would be a rolling vesting of two years in the plan. The member must continue to live and work in Alberta, should they leave the province to work elsewhere, (as a new address would be reported on their Income tax return), the previous two years worth of contributions to their personal plan would be forfeited back to the larger pension plan to fund future contributions to Alberta residents.