

IPEBLA

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CPP Expansion: Discussion



CPP Expansion: Discussion The Good, The Bad, The Unintended

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New CPP: Fully-Funded

That's Good:

- Minimizes Intergenerational Transfers of Wealth**
- Implies Enhanced Security to Participants**
- Consistent with CPP Legislation**



New CPP: Fully-Funded

That's Bad:

- Means Full New Benefits not available for at least 39 years (After long gradual implementation)**
- Larger Fund will accentuate volatility (versus demographic volatility if PAYGO)**



New CPP: Pan Canadian (But PQ)

That's Good:

- It is Large**
- Can Invest in Infrastructure and Private Equity**
- Should result in low management expenses**
- Can pay lifetime benefits: Collective Longevity Risk**



New CPP: Pan Canadian (But PQ)

That's Bad:

--Fund will Accrue \$1T in new assets: where do you invest this much money?



New CPP: Target Benefit Plan

That's Good:

- Has an Automatic Balancing Mechanism**
- Should create Stability and Sustainability**
- Consistent with Existing CPP Design**



New CPP: Target Benefit Plan

That's Bad:

- Will Participants understand it is not a
Guaranteed DB Plan?**
- What happens when you have to freeze or even
decrease benefits?**
- Or Increase Contributions?**



New CPP: Consequences

They're Good:

- Workers with no or low workplace plan get new benefit**
- Small plans close and move to more efficient CPP**



New CPP: Consequences

They're Bad:

- How many small but good plans will close?**
- Lower-income workers will pay more in, but get little more out net of GIS/OAS/Welfare Clawbacks**
- Does it hit the correct target audience (e.g., YBE = \$3500)?**
- Could discourage private savings**
- Could discourage private sector innovation**



New CPP: Alternatives

- Is this a “One Size Fits All” Solution?**
- Why aren't we doing more to facilitate Pooled Pension Plans in the Private Sector?**



New CPP

--Let's Talk

